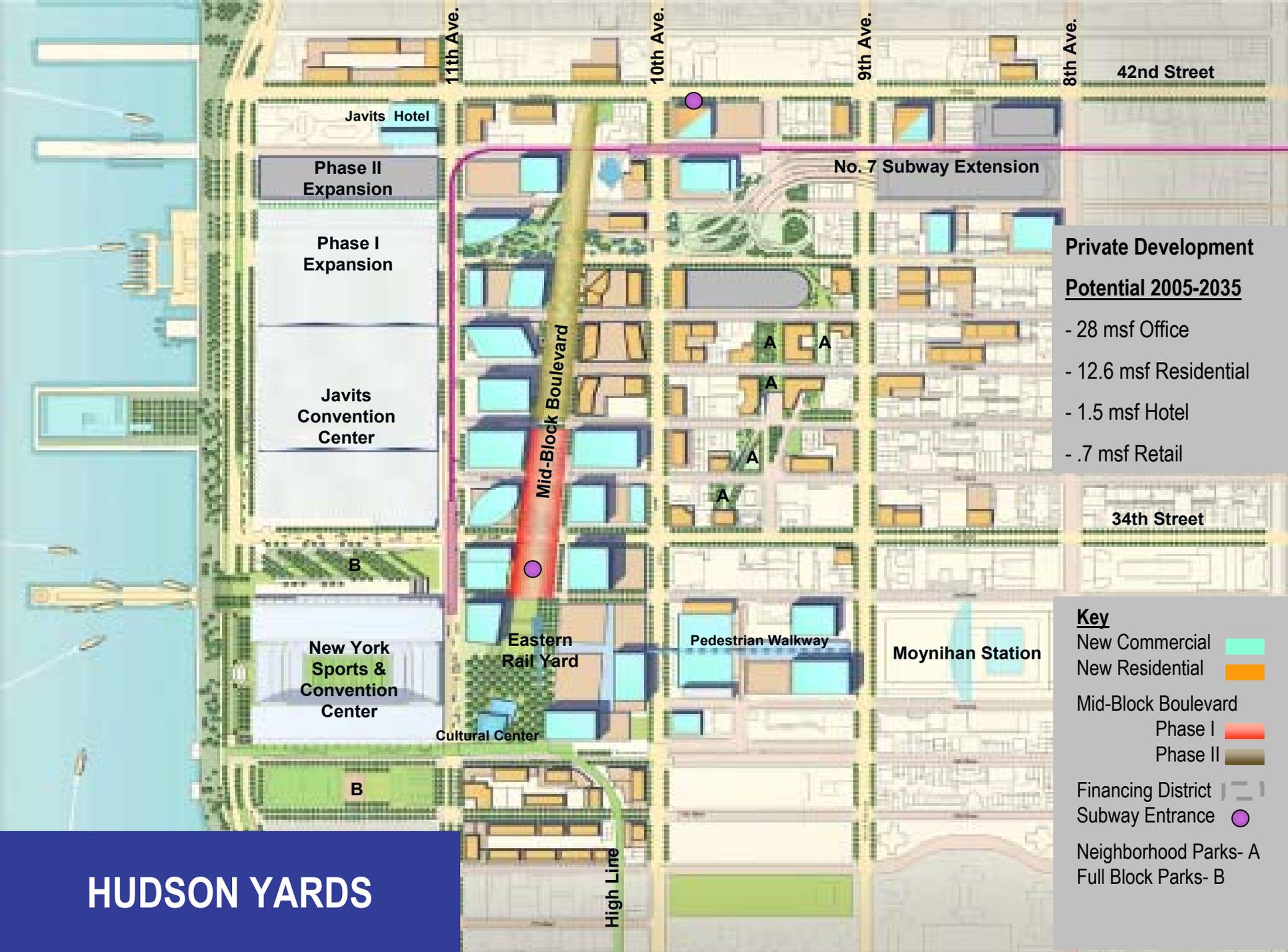


# HUDSONYARDS



Presentation of  
Hudson Yards Infrastructure  
Corporation  
Financing Plan  
to  
City Planning Commission

July 12, 2004



11th Ave.

10th Ave.

9th Ave.

8th Ave.

42nd Street

Javits Hotel

Phase II Expansion

Phase I Expansion

Javits Convention Center

B

New York Sports & Convention Center

B

Cultural Center

Eastern Rail Yard

Mid-Block Boulevard

Pedestrian Walkway

No. 7 Subway Extension

A

A

A

A

A

**Private Development**  
**Potential 2005-2035**

- 28 msf Office
- 12.6 msf Residential
- 1.5 msf Hotel
- .7 msf Retail

34th Street

Moynihan Station

- Key**
- New Commercial
  - New Residential
  - Mid-Block Boulevard
    - Phase I
    - Phase II
  - Financing District
  - Subway Entrance
  - Neighborhood Parks- A
  - Full Block Parks- B

# HUDSON YARDS

High Line



## **East of Eleventh Ave**

### **“Commercial / Residential District”**

- **Extend No. 7 Subway to W. 34<sup>th</sup> St. and Eleventh Ave.**
- **Eastern Rail Yard Platform**
- **New Parks and Streets**

**FINANCED BY HUDSON YARDS  
INFRASTRUCTURE CORPORATION**



## West of Eleventh Ave

### “Convention Corridor”

- **NY Sports & Convention Center**
  - 75,000 seat stadium
  - 40,000 seat plenary hall
  - 200,000 sf expo space
  - 30,000 sf meeting space
- **Javits Expansion**
  - 1,100,000 sf expo space
  - 265,000 sf meeting space
  - Headquarters Hotel on 42<sup>nd</sup> St.

TO BE FINANCED SEPARATELY BY  
THE CITY AND STATE

## Hudson Yards Infrastructure Corporation

- Hudson Yards Infrastructure Corporation (“HYIC”) is a local development corporation
- Board members appointed by the Mayor
- Exists as financing entity only
- Plan makes use of existing policies and procedures wherever possible
  - NYCIDA for commercial PILOTs
  - Utilizes familiar residential programs like the 421a abatement, and the 80/20 program

## New Development Generates Revenue

A series of revenue streams are created and pledged to HYIC including:

- **Payments in Lieu of Taxes (PILOTs)**
- **Property Taxes on New Residential Development**
- **Eastern Rail Yard (ERY)**
  - Value of 5.1 msf of development on-site
  - Value of 5.7 msf of transferred floor area (FA)
- **Disposition of surplus publicly-owned parcels by sale or ground lease**
- **Bonus payments into zoning-based District Improvement Fund (DIF)**
- **Payments in Lieu of Sales Tax (PILOST)**

# Projected Revenues (2005-2035)

**Hudson Yards  
Infrastructure  
Corporation**

**Revenue  
Summary**

<b>Source</b>	<b>Total (Nominal \$ M)</b>	<b>NPV<sup>1</sup> (2003 \$ M)</b>
<b>Commercial</b>		
Commercial PILOTs	7,239.1	1,838.1
<b>Residential</b>		
Property Taxes	5,391.3	1,162.9
<b>Eastern Rail Yard</b>		
ERY On-Site Land Value	812.1	262.8
Payments for Transferred FA	911.6	269.7
<b>Other</b>		
Land Sales / Ground Leases	110.6	68.6
Bonus Payments into DIF	1,327.6	452.2
PILOST	415.1	155.6
<b>TOTAL</b>	<b>\$16,207.3</b>	<b>\$4,209.9</b>

<sup>1</sup> Discounted at 6%

Source: NYC Office of Management & Budget, NYC EDC, NYC Planning, Cushman & Wakefield Analytics

## **Phase 1**

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### **No. 7 Subway Extension**

- Construction of No. 7 subway extension and terminal station at 34<sup>th</sup> St and 11<sup>th</sup> Ave

### **Eastern Rail Yard (ERY)**

- Construction of platform over ERY to create 6-acre park and future development sites

### **Open Space & Streets**

- Condemnation and construction of first 3 blocks of Mid-Block Boulevard (MBB) and parks (33<sup>rd</sup> to 36<sup>th</sup> St)
- Condemnation and construction of active recreation park on Block 675

## **Phase 2**

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### **41st Street Station**

- Build-out of No. 7 Line 41<sup>st</sup> St Station

### **2nd Phase of Mid-Block Boulevard and Parks**

- Construction of Northern blocks of MBB and bridge (36<sup>th</sup> to 42<sup>nd</sup> St)



## Cost Estimates: Phase 1

Hudson Yards  
Infrastructure  
Corporation

Project Costs

	<u>2003 \$</u>
No. 7 Subway Extension	\$ 1,763,800,000
Eastern Rail Yard Platform	\$ 351,000,000
Open Space & Streets	\$ 361,500,000
<b>TOTAL</b>	<b>\$ 2,476,300,000</b>

## Cost Estimates: Phase 2

Hudson Yards  
Infrastructure  
Corporation

Project Costs

		<u>2003 \$</u>
No. 7 Subway 41st Street Station	\$	250,000,000
2nd Phase of Mid-Block Boulevard and Parks	\$	271,000,000
<b>TOTAL</b>	<b>\$</b>	<b>521,000,000</b>

**HUDSONYARDS**

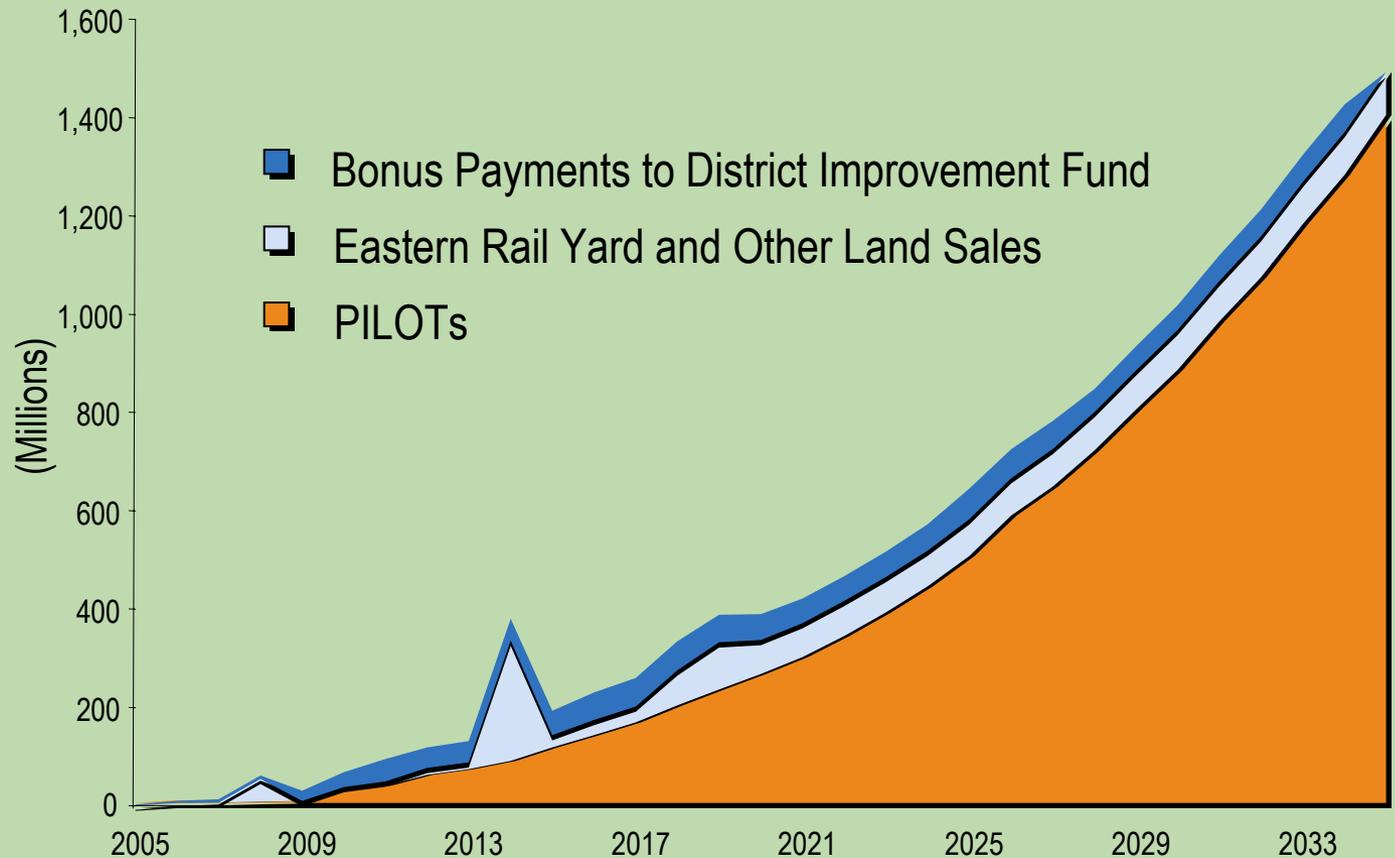


**HYIC  
FINANCING  
PLAN**

HYIC has developed a financing program that utilizes the available project revenues from the Hudson Yards Redevelopment Project

HUDSON YARDS  
INFRASTRUCTURE  
CORPORATION

### Components of Project Revenues



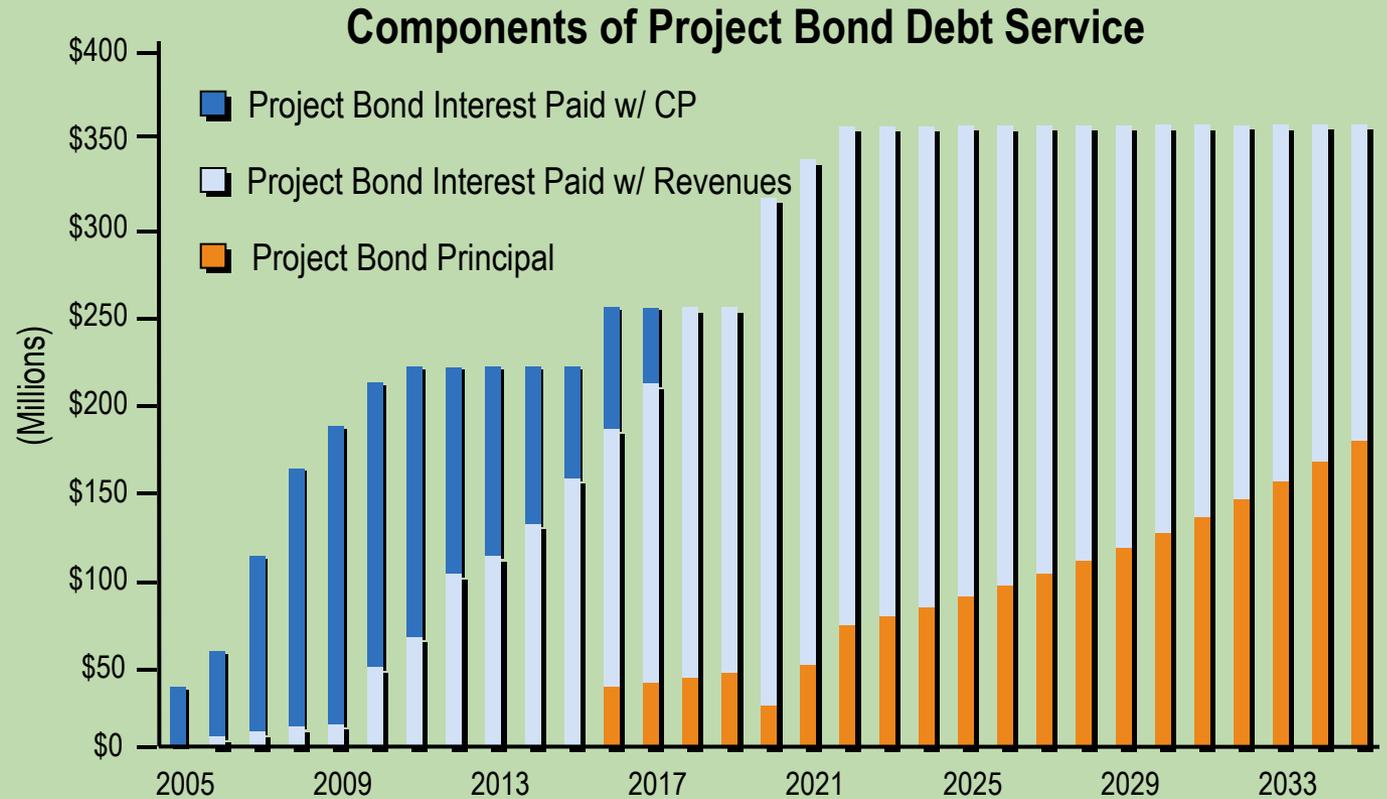
## Features of the Financing Plan

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- HYIC will issue commercial paper to fund certain project costs and interest in the early years of the plan
- HYIC will issue long term bonds to fund the major project costs. Bond program will eventually retire the commercial paper.
- Offers the potential to issue zero-coupon bonds if market conditions are favorable
- Incorporates conservative New York City budget assumptions for future interest rates:
  - For CP: 3.75% in FY2005 rising to 4.25% in FY2006 and thereafter; current CP rates are approximately 1%
  - For bonds: 6% in FY2005 rising to 7% in FY2007 and thereafter; current long-term rates are approximately 5%

Plan incorporates a flexible short term commercial paper program with credit support from the New York City Transitional Finance Authority

## HUDSON YARDS INFRASTRUCTURE CORPORATION



## HYIC Will Finance \$2.7 Billion in Project Expenditures From 2005 to 2012

### HUDSON YARDS INFRASTRUCTURE CORPORATION

Project Expenditures	2005	2006	2007	2008	2009	2010	2011	2012	Total
No. 7 Subway Extension	\$92,653	\$474,849	\$584,064	\$498,888	\$204,544	\$104,829	\$0	\$0	\$1,959,828
Eastern Rail Yard Platform	0	10,017	10,267	94,019	96,370	98,779	101,248	0	410,700
Open Space and Streets- Condemnation	0	149,149	61,151	0	0	98,780	0	0	309,080
Construction	0	13,000	13,325	13,658	13,999	14,349	14,708	15,076	98,114
<b>Total Project Expenditures</b>	<b>\$92,653</b>	<b>\$647,015</b>	<b>\$668,807</b>	<b>\$606,565</b>	<b>\$314,913</b>	<b>\$316,737</b>	<b>\$115,956</b>	<b>\$15,076</b>	<b>\$2,777,722</b>

Sources of Project Funding	2005	2006	2007	2008	2009	2010	2011	2012	Total
Bond Proceeds	\$470,000	\$265,000	\$652,000	\$600,000	\$290,000	\$295,000	\$107,186	\$0	\$2,679,186
Excess Project Revenue	0	1,658	2,449	3,292	3,727	13,432	0	0	24,559
Interest Earnings	7,137	6,615	8,360	10,398	9,929	10,962	10,567	10,008	73,977
<b>Total Project Funding</b>	<b>\$477,137</b>	<b>\$273,273</b>	<b>\$662,809</b>	<b>\$613,691</b>	<b>\$303,656</b>	<b>\$319,394</b>	<b>\$117,753</b>	<b>\$10,008</b>	<b>\$2,777,722</b>

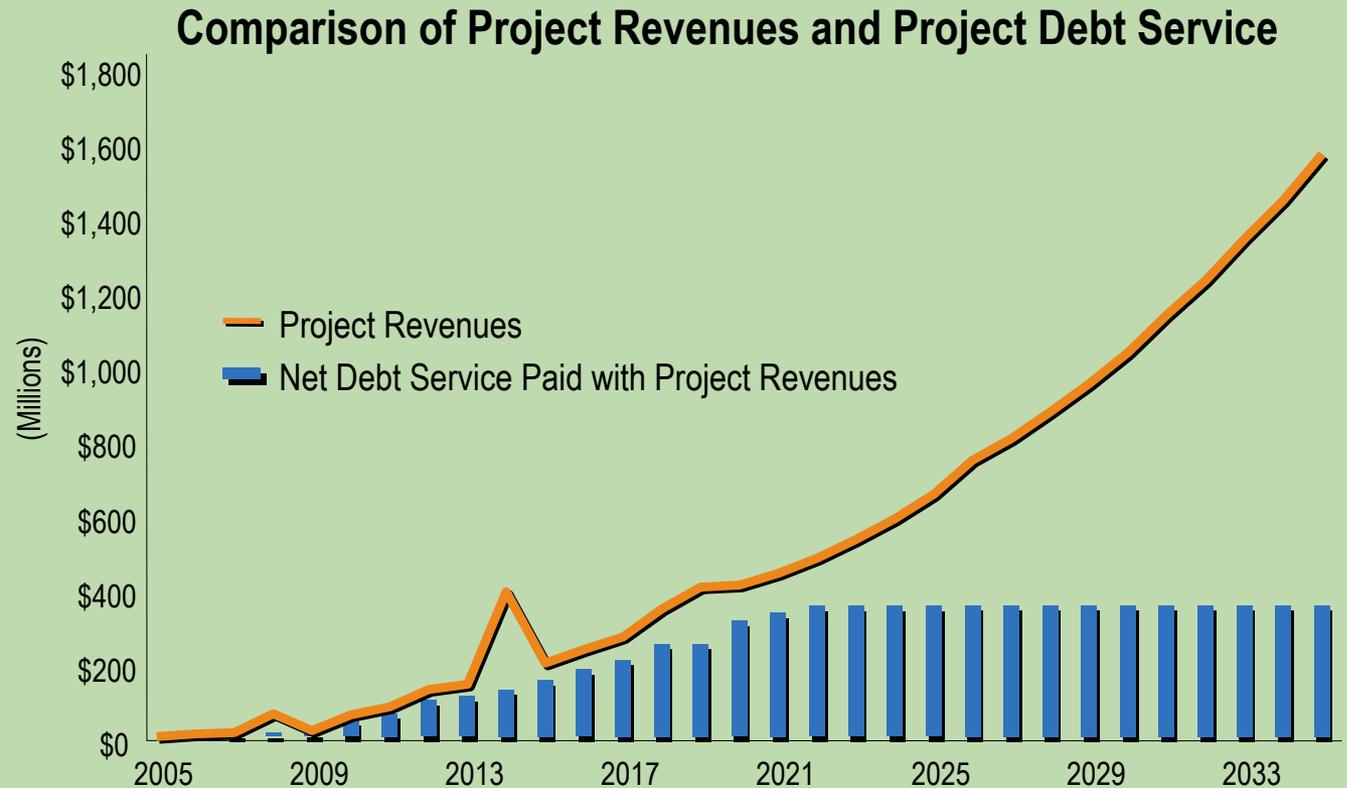
\$ in Thousands

## HYIC Will Utilize Commercial Paper Financing to Pay Interest on Project Bonds in the Early Years

Sources of Funds	2005	2006	2007	2008	2009	2010	2011	2012
Incremental Commercial Paper (CP) Issued	\$16,764	\$42,191	\$77,607	\$131,237	\$172,399	\$186,613	\$187,534	\$174,518
<b>Uses of Funds</b>								
Interest on Project Bonds	\$16,739	\$40,924	\$74,082	\$123,290	\$158,095	\$165,473	\$157,518	\$135,606
Interest on CP	0	1,204	3,409	7,750	14,045	20,860	29,734	38,650
Issuance Costs on CP	25	63	116	197	259	280	281	262
<b>Total Uses of Funds</b>	<b>\$16,764</b>	<b>\$42,191</b>	<b>\$77,607</b>	<b>\$131,237</b>	<b>\$172,399</b>	<b>\$186,613</b>	<b>\$187,534</b>	<b>\$174,518</b>
Outstanding CP at Year End	\$16,764	\$58,955	\$136,562	\$267,799	\$393,245	\$579,858	\$767,392	\$923,395*

\* CP will be permanently financed by additional bonds secured by project revenues in the period after 2012.  
\$ in Thousands

The result is a plan of finance that fits debt service on the bonds within the projected project revenues, with flexibility to absorb fluctuations in actual revenues



## HUDSON YARDS INFRASTRUCTURE CORPORATION

### Summary

- HYIC can fund needed investment by issuing debt backed primarily by future revenues from new development
- Commercial paper program bridges gap in early years until project revenues ramp up
- New construction and new jobs created in Hudson Yards will generate billions in incremental personal income, sales, and other taxes that will flow directly to the City, State and MTA

## JAVITS EXPANSION (PHASE 1)

Uses	Nominal \$ M
Expansion/Renovation	\$750
Hotel	350
Land/Other	300
<b>TOTAL USES</b>	<b>\$ 1,400</b>

Sources	Nominal \$ M
City – BPCA 7(a)(2) Revenues	\$350
State – Javits bond restructuring	350
Hotel industry investment (\$1.50 key surcharge)	500
Hotel development investment	200
<b>TOTAL USES</b>	<b>\$ 1,400</b>

## New York Sports & Convention Center

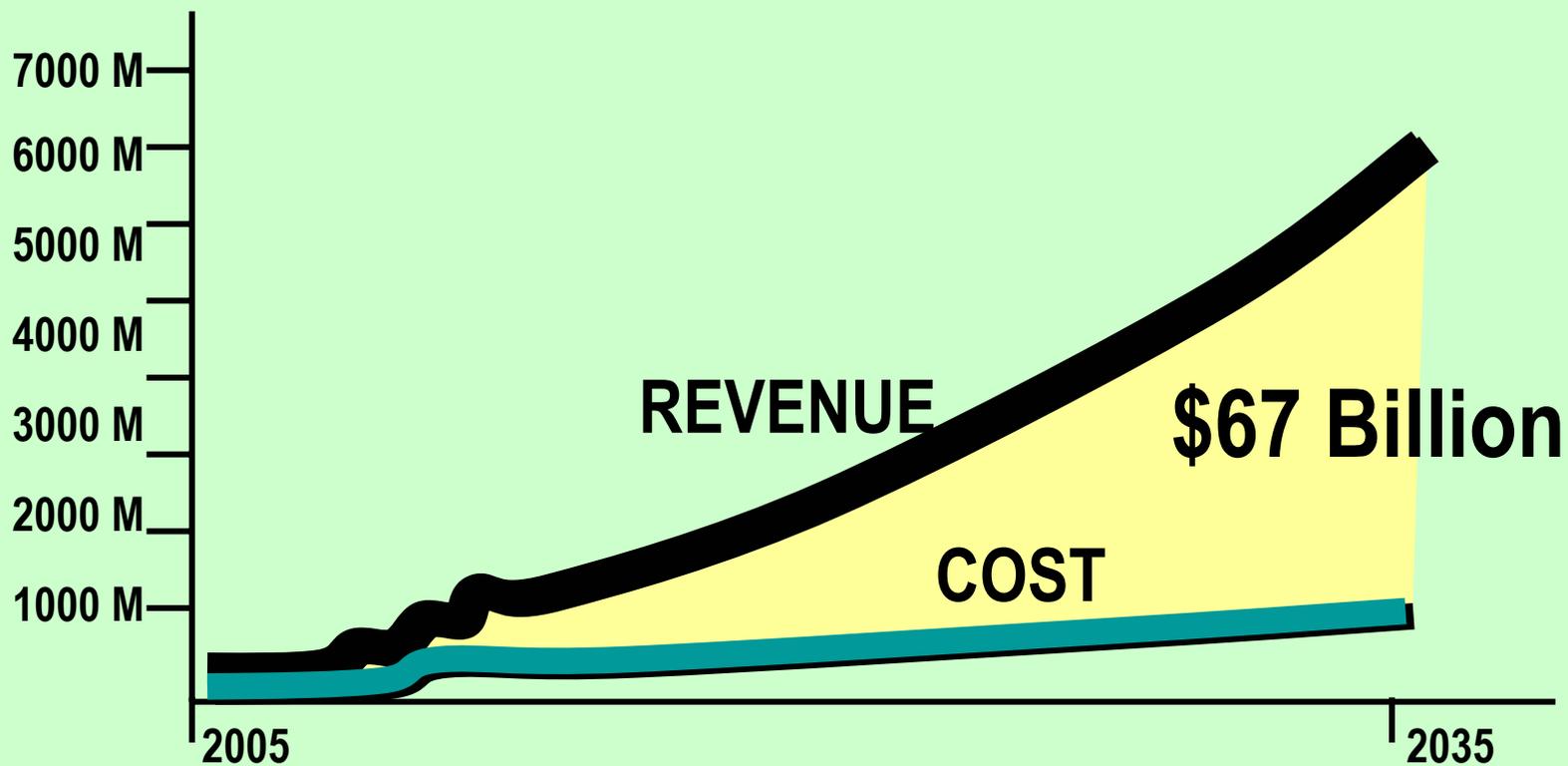
Uses	Nominal \$ M
Building	\$800
Retractable roof	200
MTA Platform	400
<b>TOTAL USES</b>	<b>\$ 1,400</b>

Sources	Nominal \$ M
Jets private investment	\$800
City investment – convention use (roof)	200
City investment – MTA platform	100
State investment – MTA platform	300
<b>TOTAL USES</b>	<b>\$ 1,400</b>

SOURCES  
AND USES:  
WEST OF  
11<sup>TH</sup> AVE



## Incremental Revenues to City and State



Source: NYC Economic Development Corp.