Private Investment in Public Infrastructure

Grand Forum
Institut pour le partenariat public-privé

Fredericka Cuenca
Sr Director of Strategic Initiatives
October 15, 2015
MTA’s 24/7 system makes NYC and its economic activity possible.
MTA’s massive infrastructure makes this region possible

- 713 Stations
- 6,465 Subway Cars
- 2,393 Commuter Fleet
- 2,078 Track Miles
- 5,643 Buses
Subways moving more New Yorkers

- In 2014, hit 6M riders in a day for the first time
- Exceeded 6M mark 29 days that year

Highest Daily Ridership, 1985-2014

*First year daily ridership recorded
And riders’ expectations are rising too

- 279 Underground stations wired by 2017
- Revenue for MTA
- Great benefits for customers

Private ingenuity and capital makes it possible
For the first time in a generation, MTA is expanding

Value Capture created the opportunity
City goal was to go from this ....

Source: en.wikipedia.org/wiki/West_Side_Yard#mediaviewer/File:PennStation.jpg
To this

Source: Related Cos via Bloomberg
Transit investment critical to plan
Provided new revenue streams with zoning

Transfer of Development Rights ("TDRs")

District Improvement Fund Bonus DIB

Base (As-Of-Right) Development

Source: HYDC
Established zoning and tax district

Revenue Mechanisms

- District Improvement Bonus (DIB) Available on these sites
- ERY TDRs Generating Site
- ERY TDRs Receiving Sites

Source: HYDC
Created a financing structure

- Property Tax Equivalency Payments
- Hudson Yards IDA PILOT Payments
- District Improvement Fund and Air Rights Payments

Debt Service

- Bondholders
-HYDC
- Bond Proceeds

HYDC

- No. 7 Subway Extension
- Parks and Streets
- $200 mm to MTA re: ERY
- HYDC Operating Expenses

Interest Payments by City if HYDC Revenues Insufficient

Source: HYDC
September 2015, Hudson Yards Station opened for service
Now let’s move to the east
East Midtown is heart of NYC Business District

Source: NYC.gov\dcp
Grand Central heart of East Midtown

- Half a million subway and rail trips through Grand Central daily
- 160,000 more trips expected after LIRR’s East Side Access opens
- 21 million tourists a year
Vanderbilt Corridor zoning renews building stock and transit

Rendering of One Vanderbilt by Kohn Pedersen Fox Associates
1 Vanderbilt will improve the subway
And make new connections to all modes

[Rendering of One Vanderbilt's link to Grand Central Terminal by Kohn Pedersen Fox Associates, photographed by Evan Bindelglass.]
Public Private business partnerships deliver important revenues
Hudson Yards Plan also allowed MTA to develop its own property

Development over MTA Rail Yard will generate over $1 billion for other capital needs

Source: en.wikipedia.org/wiki/West_Side_Yard#mediaviewer/File:PennStation.jpg

Source: Related Cos
New MTA approach with joint development of HQ site

341-347 Site Today

Better building and better transit tomorrow

East Side Access entrance

Vent building for East Side Access

Connection to Grand Central
PPP critical to reinventing and renewing

Private sector ingenuity

Joint development

Value Capture: zoning and tax policy
How will these support our next big project?

Second Avenue Subway

Joint development

Private sector ingenuity

Value Capture: zoning and tax policy

MTA