

About the Economic Studies by Urbanomics, Inc. — Evaluating the Likely Economic and Fiscal Benefits of vision42, Relating These to the Project's Estimated Costs, and Examining Financing Mechanisms to Pay for Its Construction

Three economic studies of **vision42** have been performed:

Phase 1 Study (2004-5)

Based primarily on travel time savings via light rail, increases in property values and consequent City and State fiscal gains are projected. In this study, a *Land Use* classification of properties and the FY 2004 *RPAD Master File* were utilized, which yielded an estimate of \$3.56 billion in increased land values as a result of improved access by light rail and the pedestrian street.

Phase 2 Study (2005-6)

Also based also on improved access by light rail, and on a 35 percent increase in pedestrian space in a landscaped 42nd Street—major increases in restaurant and retail trade, as well as some increased business for theaters and hotels in the corridor are projected—yielding additional tax revenue for the City and State. The total economic and fiscal benefits should be sufficient to pay for the project's capital costs in six to nine months.

Phase 3 Study (2006-7) Financing Report

Compared with the Phase 1 Study, the Urbanomics **vision42** *Financing Report* produced a more conservative estimate of land value increases that were attributable to improved transit access (\$1.0 billion). In this phase the estimate was based upon a building classification of *Office Properties*, and utilized parcel attribute data reported by the FY 2006 *PLUTO* file of the NYC Department of City Planning. The consultant believes that the reclassification of some properties as *Mixed Use*, together with improvements in parcel valuation data and use of the current equalization rate for New York, has produced a more reliable estimate of value capture potential.

The consultant also finds that—assuming that **vision42** would be primarily privately, rather than publicly funded, and particularly in light of the potential substantial gains cited in these reports—the most feasible financing approach would be the formation of a Transit Improvement District, encompassing the area five blocks to the north and five blocks to the south of 42nd Street (excluding the Hudson Yards Tax Increment Financing District), to which a moderate levy would be applied to selected properties, based upon their current New York City tax rates.