

Hudson Yards Received Big Tax Breaks, But Don't Compare it to Amazon

By Madeleine Kerr, J.D. Candidate 2021 | March 12, 2019

The [New York Times](#) reported that Hudson Yards, the 28-acre complex of office buildings and luxury housing, has received almost \$6 billion in government assistance and tax breaks. This deal follows the failed Amazon headquarters deal, where [Amazon](#) would have received \$3 billion in tax breaks and created 25,000 jobs.

Hudson Yards is an expansive real estate development that will be home to many high-end retail shops, major corporations' headquarters, and luxury apartments and condos. New York City spent about \$2.4 billion to extend a subway line to the site and is providing \$1.2 billion for four acres of parks and open spaces within the complex. These numbers are included in the \$6 billion number cited above.

The project's adversaries say wealthy businesses should pay their fair share and should not rely on government incentives to take on projects. Opponents specifically criticize Hudson Yards developers' receiving over \$1 billion in property tax breaks. However, supporters say the government incentives will pay for themselves by creating a new business district, thousands of new jobs, and making significant overall improvements to the neighborhood at large.

Many are comparing Hudson Yards to the [Amazon deal](#), however, that comparison is misguided for a number of reasons. First of all, the project was first conceived following September 11th, when New York was in a state of economic downturn and overall disarray. Nobody knew what the future held for New York City and the housing crisis was not what it is today. Indeed, 20 years in the making, the tax breaks and incentives the wealthy developers have received appear suspect. However, it is understandable that New York City, in the wake of a crisis, would jump at an opportunity to create more housing and a new business district that would be sure to bring in money in years to come. In comparison, in the current economy and housing crisis, the harm the Amazon deal would cause is much more foreseeable and unnecessary. Indeed, it would create jobs, but those jobs would be for relatively high earners who will add stress to the city's housing predicament.

Similarly, the projects themselves are vastly different. Hudson Yards is adding 4000 units of housing to New York City's market, including 400 below-market-rate units accessible through the city's [affordable housing](#) lottery. Though Amazon would have created a vast number of jobs, most of those jobs would have been for software engineers and other skilled workers. In comparison, Hudson Yards will have numerous restaurants and retail stores, which will create unskilled jobs. Additionally, the expansion of the subway line and the creation of parks will require manual labor.



All in all, it is unfortunate that cities need to incentivize large companies to take on projects. The property tax cuts are particularly discouraging. But it will take tax reform across the board to resolve this issue. Corporations simply will not spend the money unless they have no alternative option. Cities will continue to strive for long-term, wide-scale economic benefits, even when they might harm individual taxpayers in the interim.