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Press Release

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IMMEDIATE

MTA to Purchase Grand Central Terminal, Harlem Line and Hudson Line for \$35 Million

Historic Purchase Marks First Time MTA Will Own These Properties

The Metropolitan Transportation Authority (MTA) Board's Finance Committee today granted approval to purchase Grand Central Terminal, and Metro-North Railroad's Harlem Line and Hudson Line from a private holding company. That company, Midtown Trackage Ventures, LLC, had acquired assets that once belonged to PennCentral Transportation, the railroad whose 1970's bankruptcy and liquidation led the MTA to assume management of regional rail operations. Approval of the MTA's full Board is required for this transaction to go forward, and is expected on Thursday.

Owning the properties means that for the first time, Metro-North Railroad will have unencumbered control and responsibility of its operating environment. The MTA's ownership of Grand Central Terminal will further give MTA Long Island Rail Road clear control of the East Side Access terminal being built beneath Grand Central Terminal.

MTA ownership of the Harlem Line and Hudson Line means that the public can now capture the full value of improvements made through transit-oriented development projects and other public-private partnerships along the rail lines as communities advocate for such projects in the years ahead.

The purchase would put an end to a 280-year lease that gives the MTA a one-time window of opportunity to buy the assets, which closes in 11 months. The purchase price, approximately \$35 million, is equal to the net present value of the estimated rental stream the MTA had been paying under the lease, discounted at a highly favorable rate of 6.25%.

"This was a no-brainer, from a financial standpoint," said MTA Chief Development Officer Janno Lieber. "We had to exercise the option to purchase or remain a tenant for another 270-plus years. And the interest rate environment – and the \$500,000 discount offered by the seller – means it's cheaper to buy it now than to pay rent for all that time. Equally important, this transaction secures for the MTA control over development rights along the Harlem Line and Hudson Line, which will allow us to help local jurisdictions implement high quality Transit Oriented Development for generations to come."

Grand Central Terminal, an iconic landmark and one of the most visited destinations in New York City, was built by the New York Central Railroad and opened on February 2, 1913. The New York Central Railroad had previously built the Hudson Line and Harlem Line in the 19th century.

The New York Central later merged with the Pennsylvania Railroad to create PennCentral Transportation in 1968. PennCentral went into bankruptcy in 1970 leased the rail assets to the MTA in 1972, and the assets passed to the American Financial Group, then American Premier Underwriters. Commuter rail operations were taken over by [Conrail](#) in 1976, and the system took its current form in 1983, when the State, through the MTA, formed Metro-North.

In 1994, the MTA signed the current 280-year lease with American Premier Underwriters, through February 28, 2274, that included this option for purchase in 2019. This longer lease term was advantageous to secure the MTA's investment in the redevelopment of the terminal in the late 1990s. American Premier Underwriters sold the ownership rights to Midtown Trackage Ventures, LLC, in the early 2000s. Metro-North has been paying an annual rent of \$2.4 million.

"This marks a new chapter in the railroad's history and eliminates a quirk that had lingered quietly in the background as Metro-North has established itself," said Catherine Rinaldi, President of Metro-North Railroad. "By becoming the true owners of the infrastructure that we have long maintained on behalf of the people of New York, we are asserting Metro-North's permanence as an institution dedicated to public service."

The MTA's Hudson Line ownership will extend to 2.2 miles north of the Poughkeepsie Station. This point, where Metro-North train dispatchers hand off control of train movement to Amtrak, is known to railroad operations personnel as Milepost 75.8, representing its distance from the bumper blocks at Grand Central. Tracks north of this point are owned by CSX Transportation, one of the seven major "Class I" railroads that carry freight throughout the United States.

The portion of the Harlem Line now being acquired by the MTA extends as far north as Dover Plains, N.Y. The MTA previously acquired the segment of the line from Dover Plains to Wassauc, N.Y., in 1990 when Metro-North extended the Harlem Line tracks northward over this five-mile segment.