



# THE CITY OF NEW YORK INDEPENDENT BUDGET OFFICE

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## City to Waive Property Tax-Equivalent Payments for Soccer Stadium

### *Other Tax Breaks and Funding for Willets Point Neighborhood Redevelopment Projects*

**November 21, 2024**, – The New York City Independent Budget Office has completed an analysis on the redevelopment of Willet’s Point. For many years, City officials and the Economic Development Corporation (EDC) have identified the redevelopment of Willets Point as a long-term City priority. This report focuses on Phases 1 and 2, which include environmental remediation of the land, building out neighborhood infrastructure, and the construction of a professional soccer stadium, affordable housing, a hotel, retail space, and a school. Phase 3 is still in early planning phases and much of the associated land is still privately owned.

EDC and Mayor Adams have emphasized that the stadium construction is [fully privately financed](#). While the Willets Point stadium construction is privately financed, the full waiver of payments in lieu of taxes (PILOTs) represents an ongoing public subsidy for the stadium. Although the City is not involved in arranging construction financing, the stadium, hotel, housing, and retail components are all expected to receive City support through other means. The Willets Point arrangement, however, is consistent with other professional sports stadiums in the City, none of which pay property taxes or PILOTs to the City.

IBO’s analysis is the first public reporting of the extent to which public dollars are spent and budgeted for the Willets Point Phase 1 and 2 development projects. This report focuses on describing and quantifying the City’s public investment in the redevelopment of Willets Point; it is not an economic impact evaluation, environmental engineering review, investigation, or audit.

IBO’s analysis *Keeping Score: An Examination of City Investments for the Redevelopment of Willets Point* can be found [here](#), and a snapshot of our key findings can be found below.

- The City owns the land under development and has waived PILOTs for the stadium under the 49-year lease agreement. Other components of the project—such as the hotel, housing, and retail—will still be required to make PILOTs to the City.
- IBO estimates that if the soccer stadium were built on private land, it would generate between \$538 and \$74 million in property taxes over the 49-year lease period, depending on the tax breaks for which the stadium may qualify. (All dollars in this report have been inflation-adjusted to 2024 dollars.) There is consensus in the field of public economics that substantial government subsidies

for sports facilities are typically not an efficient use of scarce public resources.

- The private financing of the Willets Point stadium construction is different from how the City has historically supported stadium construction. Previous deals for Citi Field, Yankee Stadium, and Barclays Center were financed through tax-exempt debt arranged by the City. It is important to note that since then, federal rules no longer allow the tax-exempt financing structure those stadiums were constructed under.
- Between past spending and budgeted future funding, the City will spend nearly \$1 billion to purchase land for the redevelopment of Willets point, infrastructure investments, and environmental remediation. It's important to note that any redevelopment project undertaken at Willet's Point would have required City investments for environmental remediation and the building out of general infrastructure.
- IBO estimates the City will spend approximately \$550 million to finance the construction of 2,500 affordable housing units, and grant tax breaks of \$61 million in sales tax on construction materials and \$26 million in mortgage recording tax collections. This spending is in line with general City practices for economic development. As part of Phase 1, the City has also agreed to construct a 650-seat K-8 public school, but the project is not yet funded, and construction has not yet begun.



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