

## RATING ACTION COMMENTARY

# Fitch Affirms Hudson Yards Infrastructure Corp.'s (NY) Revenue Bonds at 'AA-'; Outlook Stable

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Fitch Ratings - New York - 11 Feb 2026: Fitch Ratings affirms the ratings on Hudson Yards Infrastructure Corp.'s (HYIC) approximately \$2.4 billion revenue bonds, fiscal 2017 series A and series B, and fiscal 2022 series A, at 'AA-'.

The Rating Outlook is Stable.

## RATING ACTIONS

ENTITY / DEBT ⇅	RATING ⇅		PRIOR ⇅
Hudson Yards Infrastructure Corporation (NY) [General Government]			
Hudson Yards Infrastructure Corporation (NY) /Lease Obligations - Standard - Second Indenture - PILOT/1 LT	LT	AA- Rating Outlook Stable	Affirmed AA- Rating Outlook Stable

[VIEW ADDITIONAL RATING DETAILS](#)

The 'AA-' rating on the HYIC revenue bonds, one notch below New York City's Issuer Default Rating (IDR) of 'AA', reflects New York City's commitment to appropriate Tax Equivalency Payments (TEP) to HYIC, notwithstanding recently improved pledged revenue performance from recurring revenue. Debt service coverage of estimated MADS (inclusive of future proposed debt issuances) compared solely to the most current fiscal 2025 audited recurring payment in-lieu-of-tax (PILOT) revenue (which are not subject to appropriation) provides for much lower debt service coverage levels and a weaker level of resilience than that provided by combined TEPs and PILOT revenue. The resilience of the bond structure is strengthened when a portion of pledged revenue requiring city appropriation is included, supporting the current rating.

HYIC has a subordinate lien term loan outstanding in the amount of \$118.7 million and further drawdowns are anticipated through June 30, 2027, the expiration date of the term loan, to support project costs within the Hudson Yards project area. The fiscal 2026 budget includes \$380 million in proposed borrowing in fiscal 2027 to pay off an estimated \$185 of term loan borrowings with the remainder to be used for future project costs. Fitch anticipates future leveraging in the near term and for debt service coverage levels compared solely to the PILOT revenue to be close to the coverage levels permitted by the additional bonds test (which is based on aggregate net PILOT and TEP revenue) of 1.25x pro-forma MADS.

Annual debt service coverage has improved yoy with senior lien debt service coverage from fiscal 2025 PILOT revenue alone at 1.6x and 2.7x when compared to fiscal 2025 PILOTs and TEP revenue (subject to city appropriation).

Continued growth in recurring PILOT revenue, and improved coverage of MADS inclusive of any future planned debt, would be viewed positively and could support upward rating movement.

## **RATING SENSITIVITIES**

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

--Downgrade of the city's IDR;

--Severe and unexpected decline in pledged revenue without expectation of near-term recovery.

### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

--Upgrade of the city's IDR;

--Continued growth in PILOT revenue, leading to sustained improved solid debt service coverage cushion from PILOT revenue alone.

## **DEDICATED TAX SECURITY**

The revenue bonds are special obligations of HYIC (the corporation) payable from a combination of recurring PILOT and TEP revenue and a smaller portion of non-recurring revenue expected to be generated from development in the Hudson Yards area of Manhattan after payment of HYIC's operating expenses. TEPs are subject to appropriation by the city of New York. In addition, bond interest is supported by interest support payments (ISPs) from the city of New York subject to annual appropriation, if project revenue is insufficient. The city is not obligated to pay principal on the bonds. ISPs have not been needed since fiscal 2015.

## **DEDICATED TAX KEY RATING DRIVERS**

### **Growth Prospects for Revenues - 'aaa'**

Fitch anticipates future development will support continued strong growth in pledged revenue along with the annual 3% tax escalator in the PILOT agreements beginning in the fifth year of the agreements.

### **Sensitivity and Resilience - 'aa'**

The 'aa' assessment reflects Fitch's expectation for future borrowing to support phase 2 of the development of Bella Abzug Park and that additional leveraging will result in debt service coverage levels close to the 1.25 additional bonds test. The test requires a comparison of aggregate pro-forma MADS (inclusive of the proposed issuance) to the most recent audited pledged revenue. PILOT revenue alone has not experienced a decline in annual collections; however, Fitch assumes a proxy for the largest decline in pledged revenue in its analysis equal to the largest decline for combined pledged revenue of 7.7% in fiscal 2022, which is similar to the largest historical declines in similar PILOT transactions that Fitch rates.

## **Exposure To Related Government**

The bond rating relies on the improved resilience provided from city appropriated TEP revenue and is therefore capped at the city's IDR.

## PROFILE

The project area (the Hudson Yards financing district) comprises about 45 square blocks on the west side of midtown Manhattan. The project area is near the city's midtown Manhattan central business district and includes a mix of office, retail, residential and hotel properties. The office buildings are considered class A and trophy buildings, providing an advantage in attracting tenants as evidenced by their prestigious roster of corporate occupants. Pledged revenue from recurring PILOTs and tax equivalency payments continues to grow soundly with the completion of new large office properties coming online and as underlying property values have experienced growth in value. Fitch believes the project area also benefits from the city's unique role as a national and international center for commerce and culture.

Fitch does not believe the limited area from which pledged revenue is generated poses significant concentration risk because of the large scale of the office towers with numerous tenants in each and the location's adjacency to midtown.

## Sources of Information

In addition to sources of information identified in Fitch's applicable criteria specified below, this action was informed by data from DIVER by Solve.

## REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

## ESG CONSIDERATIONS

Fitch does not provide ESG relevance scores for Hudson Yards Infrastructure Corporation (NY).

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## APPLICABLE CRITERIA

[U.S. Public Finance Local Government Rating Criteria \(pub. 02 Apr 2024\) \(including rating assumption sensitivity\)](#)

## APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

FAST Econometric API - Fitch Analytical Stress Test Model, v3.1.1 (1)

## ADDITIONAL DISCLOSURES

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Hudson Yards Infrastructure Corporation (NY)

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