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25 Years Later: LMDC's Stewardship of the World Trade Center Site and Lower Manhattan after 9/11

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Sept. 11, 2026 marks 25 years after the heinous terrorist attacks on New York City, Washington D.C. and beyond. Throughout that quarter century, the Lower Manhattan Development Corporation (LMDC) has served as the steward for the rebuilding of the World Trade Center site and revitalization of Lower Manhattan.

While that work is nearly complete, it is still ongoing; just this past July, a groundbreaking ceremony was held for the redevelopment of Two World Trade Center, a 55-story commercial building that will serve as the headquarters for American Express. Still, "Ground Zero" has been transformed, with new commercial towers—including the iconic One World Trade Center—a revitalized transit hub, a memorial museum, a performing arts space, and, of course, the 9/11 memorial.

All of these changes—and many more throughout Lower Manhattan—can be traced back to the efforts of LMDC and the vast federal funding provided in the months after 9/11. As LMDC's work winds down and the redevelopment of the World Trade Center site enters its final phases, we reflect on the unique and often complicated position LMDC occupied in its efforts to help New Yorkers recover from the horrific attacks.

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To Manage a Complicated Recovery, the State Looked to a Familiar Government Model—A Public Benefit Corporation

For the better part of a century, New York State has relied upon legislatively-created public benefit corporations and their subsidiaries to deliver a wide array of public investments and services to residents—highways, bridges, public transit, public housing, parks and more. Today there are hundreds of public benefit corporations, ranging from the Metropolitan Transportation Authority and the

New York Power Authority, to the Olympic Regional Development Authority and the New York City Health and Hospitals Corporation.

The corporations operate in a distinct legal space from New York State and its agencies—immune from some laws like citizen-taxpayer lawsuits under the State Finance Law; possessing the ability to issue bonds without regard to state constitutional debt limits; and operating through a board of directors rather than a commissioner. This unique structure gives public benefit corporations greater flexibility than traditional public agencies.

At the request of the governor, on Nov. 5, 2001, the Board of Directors of the New York State Urban Development Corporation, d/b/a Empire State Development (ESD) voted to create LMDC as a subsidiary of ESD. The state charged LMDC with a unique and sweeping mission: "[to] oversee all aspects of revitalizing and rebuilding Lower Manhattan south of Houston Street, including transportation and other infrastructure improvements, the construction and development of the areas affected by the terrorist attacks, and the attraction and retention of businesses throughout the area."

Funded Largely by Federal Funds, LMDC Occupied a Complicated Place Serving HUD, New York State, New York City and the Public

LMDC was effectively a federally-funded agency. Congress appropriated $2 billion for Lower Manhattan's recovery, in the form of Community Development Block Grant funds, administered through the US Department of Housing and Urban Development (HUD).

As a CDBG recipient, LMDC had to essentially become a federal agency and assume HUD's duty to comply with the National Environmental Policy Act (NEPA), HUD environmental review regulations and all related federal statutes.

At the same time, LMDC remained a state public benefit corporation subject to all the public review laws that apply to other state and city entities. Finally, Governor Pataki and Mayor Bloomberg agreed to share control over board appointments, thus creating an entity that was simultaneously federal, state and local. We are aware of no similar public benefit corporation or authority (among almost 1,000) of a similar nature.

LMDC Undertook an Intense but Rapid Public Review Process

LMDC took an expansive approach to public engagement. While state law required LMDC, like other public benefit corporations, to open its board meetings and minutes to the public and to seek public comment on major projects under the State Environmental Quality Review Act (SEQRA), Urban Development Corporation Act and other laws, LMDC went far beyond those basic mandates.

It began its work by holding extensive public outreach and listening events, holding over 200 public meetings and soliciting tens of thousands of public comments between 2001 and 2006. Eventually the agency settled on the World Trade Center Memorial and Redevelopment Plan (Plan) in 2004, which balanced massive redevelopment of the site with a large public memorial to the victims. LMDC has modified the plan over time, but its basic elements have remained consistent—extensive commercial development, a large public memorial and restoration of the street grid and public access.

It is notable that, even though President George Bush declared a national emergency on Sept. 14, 2001, New York State chose not to exercise emergency exemptions to environmental review laws that might have allowed it to skip over public reviews that otherwise apply to all state and local government actions.

There was some debate about invoking those emergency powers but instead on June 16, 2003 Governor Pataki designated LMDC as lead agency for environmental reviews and LMDC initiated the difficult task of carrying out a public review process that simultaneously met the requirements of the NEPA, National Historic Preservation Act, SEQRA, City Environmental Quality Review regulations and numerous other federal, state and local review laws.

Despite the political decision not to use emergency exemptions to bypass public reviews, New

York was intent on getting the reviews done rapidly for one of the largest redevelopment projects ever considered in the City—including 10,000,000 square feet of new commercial office space, retail, streets and parks, and the memorial itself. On June 2, 2004, less than a year later, LMDC concluded the environmental review process and adopted its joint NEPA Record of Decision.

While the public reviews and approvals occurred quickly, the implementation of the Plan has been—admittedly—slow (though hardly unusual for such a large and complex development site). But after 25 years, the various governmental agencies and private developers involved in the Site are close to completing their work. LMDC's funding of innumerable park, streetscape and cultural improvement projects is also largely complete resulting in dozens of transformed public spaces throughout Lower Manhattan—including much of the public open space from the Battery to Pier 42.

Acrimony was Plentiful, Litigation over the Corporation's Core Decisions was Scarce

LMDC was named as a defendant in about 60 reported court decisions during its 22-year operation (through 2023)—a modest number given the scope of the tragedy, the rebuilding effort and the corporation's oversight duties. Only a very few cases related to the corporation's substantive decision making around rebuilding the Site. The vast majority concerned construction disputes, personal injuries, insurance claims and similar matters.

The most substantive case was *Coalition of 9/11 Families Inc. v. Rampe*, 2005 U.S. District Lexis 1913 (SDNY 2005). The nonprofit plaintiff included survivors, family members and rescue workers objecting to the Plan and particularly LMDC's decisions about how to treat the few remaining historic ruins of the World Trade Center complex.

These claims went to the heart of the dispute about the Plan—the intricate balancing act between restoring the site to economic vitality versus using it as a place to remember the attacks and its thousands of victims.

The plaintiff "sought to ensure that important remnant features and structures, such as the "footprints" of the former Twin Towers as outlined by the truncated box beam columns, and the western slurry wall, were appropriately recognized, and to allow these significant features to be preserved in place and to remain accessible to visitors and family members, to the maximum extent possible." LMDC determined to document those features but not preserve them.

As HUD's agent, LMDC was responsible for carrying out historic reviews under Section 106 of the National Historic Preservation Act, which requires federal agencies to assess adverse effects on historic properties and consult with relevant stakeholders about how to avoid, minimize, or mitigate adverse effects. LMDC undertook the review, culminating in the 2004 programmatic agreement among LMDC, the New York State Historic Preservation Office and federal Advisory Council on Historic Preservation.

That agreement called for extensive documentation of the ruins of the World Trade Center site but not preservation. The federal court ultimately dismissed the lawsuit, finding that the plaintiffs and public at large could not enforce the programmatic agreement.

Over 20 years later, the Plan is largely complete and the nonprofit operating the memorial, the National Sept. 11 Memorial & Museum at the World Trade Center, estimates that there have been over ten million visits to the Museum and 33 million visits to the Memorial so far.

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