Stacking up: Where do Columbia's contributions to the community rank among its Ivy peers?

Facebook Twitter Email More

While Columbia's agreement is ambitious, it pales in comparison to several other Ivy League schools who have ongoing voluntary payment systems in place, Spectator has found. GABI LEVY / STAFF PHOTOGRAPHER

BY STEPHANIE LAI | OCTOBER 24, 2019, 5:07 AM

When Morningside Heights business owners saw Columbia University swooping up properties left and right, they took to the courts.

In January 2009, after the University began its campaign for land acquisition for its Manhattanville campus, two landowners whose properties were located in the midst of the targeted area filed against the University for improper land acquisition—the first sign of tension surrounding the University's $6.3 billion expansion project.

Long-regarded as a campus immersed in the community, Columbia's 17-acre Manhattanville expansion was University President Lee Bollinger's solution to a University in dire need of space to maintain its world-class educational status, entailing the extension of Columbia's perimeters to Broadway and 12th Avenue through 125th and 133rd streets. The expansion has since brought world-class lab facilities at the Zuckerman Mind Brain Behavior Institute, the Forum to hold meetings and events with world leaders, as well as space for two new buildings for the Business School, among others.

The landlords' suit did not hold up in the Supreme Court, which reaffirmed the University's eminent domain powers, meaning the state could help Columbia acquire land for "public good." Five months after the initial suit was filed, the University signed a $150 million Community Benefits Agreement—a lofty sum aimed at providing support to the community.

One part of the CBA, the Benefits Fund makes up $76 of the $150 million agreement, which also includes money allocated for affordable housing and community revitalization. In 2009, the West Harlem Development Corporation, an organization established for the purpose of managing the funds from the CBA, received the first of 16 yearly installments of the Benefits Fund, which was set to end in 2025 with the remainder of the CBA ending in about 2040. Money from the Benefits Fund is dispersed annually, averaging about $4.75 million a year.

[Related: The West Harlem Community Benefits Agreement]

But while Columbia's agreement is ambitious, it pales in comparison to several other Ivy League schools who have ongoing voluntary payment systems in place, Spectator has found.

Yale University, Harvard University, and Princeton University stand as the largest contributors, with Dartmouth College and Columbia lagging shortly behind, respectively. Dartmouth, with its significantly lower endowment—$5.7 billion compared to Columbia's $10.95—contributes the most relative to its endowment size.

In addition, a majority of the other Ivies also voluntarily pay property taxes, which are not required for nonprofit universities that receive tax-exempt designations. Property-tax rates are significantly higher because of nonprofit institutions' tax-exempt status, according to a study done by the Lincoln Institute.

However, Columbia's relationship with the community extends beyond monetary benefits. According to its website, Columbia pays $1.2 billion a year in wages for thousands of New Yorkers, including $578 million to minority, women, and local contractors. The CBA, the pinnacle of the University's contributions, also provides workforce training, employment, and resources to the neighborhood in addition to financial support.

In an interview with Spectator in February, Bollinger noted how Manhattanville buildings will provide the community with new services such as an education center for children and training for health workers.

"I've never thought of CBA as the end of our commitments," Bollinger said. "This is ongoing, and it will never stop."

The University did not respond to Spectator's multiple requests to comment regarding further explain the ongoing benefits from the CBA, voluntary contributions, property-tax value, and PILOT payments.

In Morningside Heights, community leaders have pointed to limitations in the CBA's payment and oversight structure that have left the neighborhood unsure of what will happen to the community in the future. Some have expressed that the University should be contributing more, particularly in the form of a formal, long-term contract beyond one tied to the Manhattanville expansion. Their reasoning: Columbia's expansion-based agreement and its unique location in the largest city in the country positions the school at a unique juncture within the community.

Millions to their cities each year

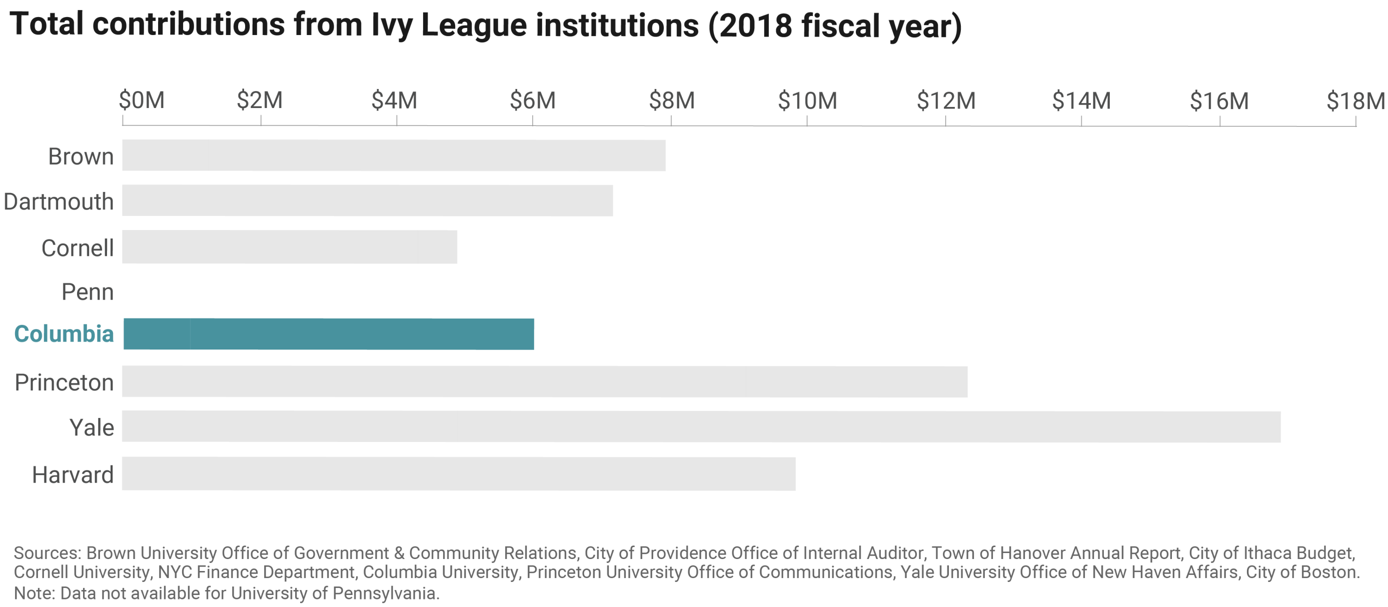
By virtue of their size and esteem, each Ivy League school is poised as one of its city's largest taxpayers and contributors to the local economy.

But under U.S. law, educational institutions are not mandated to pay property taxes, which make up the largest sources of revenue for local governments in New York. Recognizing this missed opportunity, local cities have taken to accepting voluntary contributions in the form of Payments in Lieu of Taxes (PILOTs).

Over the last 24 years, the University has paid a total of roughly one million dollars in PILOT payments for only one of its properties, according to NYC Department of Finance spokesperson Craig Cine. Meanwhile, according to Curbed New York, Columbia is the seventh largest property owner in New York City in terms of square footage and the second largest in terms of total addresses.

The city did not respond to requests for the total amount the University should be paying if it were not tax-exempt.

Meanwhile, Boston, the nation's most successful PILOT revenue generating city as of 2010, received over $10 million from Harvard last year alone. Since the program's inception in 2007, Harvard has contributed over $45 million to the PILOT program, according to publically available Boston city documents.



FIORELLA ALESSANDRA CHACON

At its current rate, Harvard's contributions will outpace those of Columbia's CBA twice over in the same time frame of 30 years.

Similarly, the city of New Haven reported receiving over $136 million in voluntary payments from Yale since 1990, with nearly $12 million from last year alone, the most from any Ivy. At its current rate, Yale's monetary contributions match Columbia's CBA timeframe of giving $150 million in the span of about 30 years.

Meanwhile, Dartmouth, with an endowment of a little under $6 billion has voluntarily contributed nearly $93 million to the community since 2000, according to a Hanover town official. At the current rate of contribution, Dartmouth's contributions will have exceeded Columbia's $150 million dollar agreement in an estimated eight years—and by the CBA's expiration in 2040, an additional $91 million will be contributed.

Notably, none of these voluntary payments have designated end dates and are indefinite as of now, with ongoing commitments between the respective universities and cities.

Harvard, Yale, Princeton, Cornell, and Dartmouth have also opted to pay property taxes for non-academic real estate, despite the fact that the properties qualify as tax-exempt.

The city of Boston reported receiving $65 million in voluntary contributions from Harvard in the last decade. Dartmouth's $93 million in contributions have all come from paying property taxes on buildings like student dormitories.

William Fischel, an economics professor emeritus at Dartmouth College, said since the college pays taxes for student dormitories, Hanover has no problem when the college initiates housing projects. Dartmouth's contributions, he said, have both improved the relationship between the college and town and made it easier for the institution to accomplish its goals.

“The town was happy to accommodate the college because they were a major taxpayer,” Fischel said. “If I were to provide policymakers in other Ivy League places with advice, maybe having a regularized payment based on property would make life happier for everyone all around.”

Tax-exempt, but at what cost?

Other schools have also found alternatives to PILOTs. Brown University, Princeton, and Cornell have opted to set voluntary contribution agreements with expiration dates with their cities, many of which fall short of the money contributed through Columbia’s CBA. These institutions’ property tax-exempt statuses have incited contentious relationships with their cities and driven up property taxes for its residents.

Princeton’s agreement comes after a settlement in 2016, when residents sued over the university’s tax-exempt status, according to a Princeton press release. Their seven-year agreement ending in 2020 will contribute roughly $22 million to the community, along with one-time contributions of $2.59 million for several municipal projects, according to the university website.

Cornell’s small contributions have been criticized among its community for some time.

Jay Franklin, Cornell’s county department of assessment director, said if the University were not tax exempt, it would be paying about $12 million dollars annually, as opposed to its current $1 million contribution. He added that if institutions weren’t tax-exempt, property taxes for residents in cities would be less than what they are now.

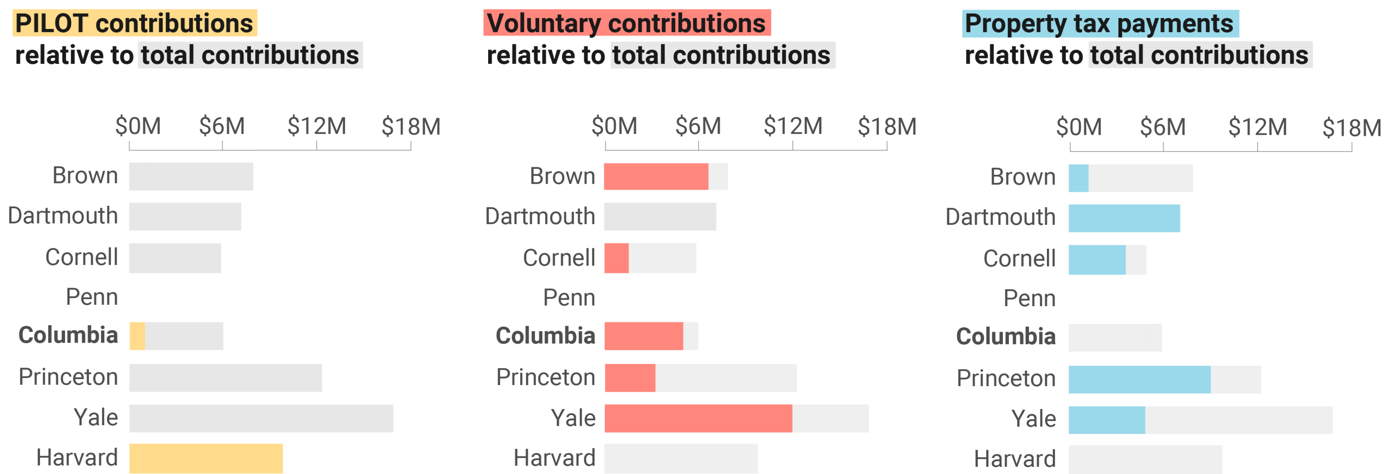
“Their contributions would increase the tax base, which would make property tax rates for the rest of the community would be roughly half of what it is now,” Franklin said.

The University of Pennsylvania formerly had an agreement with the city of Philadelphia in 1995. Located in the poorest large city in the U.S., the University of Pennsylvania has not participated in a PILOT program since 2000, according to Philadelphia City Councilmember Jannie Blackwell, who represents its district.

Blackwell said that the UPenn has cited its other contributions as reasons not to renew the PILOT program. The largely tax-exempt institution however, has led to its surrounding community having similar tax rates to Philadelphia's downtown area.

“Property taxes in University City are the same for Center City, and that’s a legitimate concern,” she said. “But these agreements don’t get made without the support of the mayor.”

According to Adam Langley, an associate director of tax policy at the Lincoln Institute who has researched PILOT programs for the past decade, educational institutions have an obligation to contribute to their communities to make up for their tax-exempt status because municipalities often provide services such as police and street maintenance even without property tax payments.



Sources: Brown University Office of Government & Community Relations, City of Providence Office of Internal Auditor, Town of Hanover Annual Report, City of Ithaca Budget, Cornell University, NYC Finance Department, Columbia University, Princeton University Office of Communications, Yale University Office of New Haven Affairs, City of Boston.
Note: Data not available for University of Pennsylvania.

FIORELLA ALESSANDRA CHACON

"The major argument that they are major employers and drive local economies, and while that's absolutely true, that doesn't mean universities deserve a tax-exemption," he said.

How far does a $150 million promise go?

Like agreements with other Ivy institutions, Columbia's CBA codifies specific initiatives and funding for programs such as the affordable housing fund, workforce training, and more. Compared to the other Ivy League institutions, Columbia's CBA stands as one of the largest contributors relative to the University's endowment, trailing only Dartmouth.

However, unlike other agreements, some community members argue that the structure of funding allocation hinders the agreement from accomplishing its intended goals.

According to WHDC Executive Director Kofi Boateng, the CBA contributions have alleviated town-gown tensions, but disbursement and built-in end dates surrounding the agreement will pose future problems for the University in maintaining community relations.

Under the Benefits Fund, the University allocates money to the corporation on a yearly basis. But city officials also point to the fact that the agreement will end in tandem with Manhattanville construction, which presents a stipulation for residents unique to Columbia's community.

Even in regards to Columbia's current payment structure, residents and community members have long expressed dissatisfaction over the terms of the CBA, specifically how the money is disbursed, the amount, and the unactualized promises to improve the community. Because of stipulations, deadlines, and criticized negotiation practices, they see the University's commitment to the community as unclear, especially as the Manhattanville-centric money runs out.

Barry Weinburg, president of Community Board 9, which is an advisory board representing Morningside Heights, said the CBA is effective in localizing money to West Harlem but is fundamentally different than institutions opting to pay annual property taxes and PILOTs.

“The CBA is compensation to the community for use of eminent domain and city’s rezoning power to give CU what they wanted,” Weingberg said. “It’s not their annual concession to the neighborhood for taking up an enormous amount of land and being a burden to the community.”

Additionally, the payment structure has significantly limited the WHDC’s ability to generate a continual stream of revenue to advance its projects, according to Kofi Boateng, WHDC executive director. The WHDC grants money to nonprofits that work in the neighborhood with the money they receive from the Benefits Fund.

Boateng said however, the annual payment system works for other Ivy League institutions because the city receives annual payments with no built-in end date.

“We could have invested it to create a community trust fund and used the income to do the same kind of work,” he said. “Then the needs of the community could be satisfied forever, and [the 184 nonprofits relying on WHDC money] could be funded past 2024.”

[Related: Nine years later, just 1 percent of Columbia’s $10 million commitment to affordable housing has been spent]

Tom Kappner, CC ’66, and a Coalition to Preserve Community activist, an organization that worked directly with the University to establish the CBA, said the CPC and its consultants believed the University should have contributed significantly more.

“[Columbia] is unique in that it is not only in a city, but the city of NY,” he said. “New Haven is not a city like NY, and Cambridge is really a suburb of Boston. Columbia definitely owes the the community much more given how destructive [its] impact was.”

Unlike other Ivies, Columbia’s current Manhattanville project will intensify tensions between the community and University with the end of expansion and CBA expiration.

“We’re doing an agreement with a term—it begs the question of what’s going to happen after,” Boateng said.

Staff writer Stephanie Lai can be contacted at stephanie.lai@columbiaspectator.com. Follow her on Twitter @stephaniealai.