
University City • Washington University Advisory Committee

Report to City Council

**Tax-Exempt Property Owned by Washington University
Findings, Facts and Recommendations**

July 30, 2015

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Councilpersons Paulette Carr and Steve Kraft served as liaisons between the UCWU Committee and City Council. They regularly attended our meetings and made valuable contributions to our deliberations. The recommendations in this report, however, represent the views of the Committee alone and are not the official position of the City Council or its members. Nevertheless, we hope the City Council will seriously consider our recommendations.

Summary

Todd Swanstrom • Gary Nelling • Christine Albinson • Kristin Sobotka

Background

The University City Council passed Resolution 2014-3, signed by Mayor Welsch on March 24, 2014, “authorizing the establishment of a University City Advisory Board on Washington University” (Appendix 1). (Hereafter we will refer to this board as the University City-Washington University (UCWU) Advisory Committee or simply “the committee”. The Resolution called for each member of the Council to appoint up to two University City residents or property owners to the committee. The membership of the committee was as follows:

Raheem Adegboye
 Christine Albinson
 Jack Breier
 Caryn St. Clair
 Gary Nelling, Co-Chair
 Gregory Pace
 Stephen Selipsky
 Kristin Sobotka
 Steven Stone
 Todd Swanstrom
 Kevin Taylor
 Mae Weston
 David Whiteman
 Robyn Williams, Co-Chair

The Committee had its first meeting in May 2014 and elected Gary Nelling and Robyn Williams as co-chairs. The Committee had monthly meetings at Heman Park Community Center that were open to the public and attended by interested citizens.

The charge to the committee was to examine Washington University’s tax-exempt property in University City and make recommendations to the City Council on how best to deal with the revenue shortfall from tax-exempt property. The Council Resolution asked the committee to address a series of questions, which were broke down into five categories and assigned to subcommittees as follows.

- Subcommittee 1** How much tax revenue is lost to University City taxing entities because of the tax-exempt status of Washington U city properties?
- Subcommittee 2** What taxes does Washington U provide to University City taxing entities? What does Washington U provide to University City taxing entities that can be measured in dollars?
- Subcommittee 3** What “in-kind’ services does Washington University provide to University City taxing entities? Are there intangibles that Washington University provides to University City taxing entities?

Subcommittee 4 How does the University City taxing entities' relationship with Washington University compare with the relationships between other cities with comparable universities who have large tax exempt property holdings such as Brown University, Northwestern University, Rutgers University, Yale University, etc.?

Subcommittee 5 Is there a way to quantify the amount of increased demand on City services that results from Washington University's ownership and development of tax-exempt property?

Much of the work of the UCWU Advisory Committee was done by these subcommittees. Subcommittee members invested hundreds of hours gathering data and consulting with experts and the relevant policy literature. This report summarizes the findings of these subcommittees. We refer the reader to the appendices for the methodology and detailed findings of each subcommittee. The Subcommittee Reports represent the views of the members of that subcommittee and not necessarily those of the entire committee.

A central task of the committee was to determine the market value of the tax-exempt property owned by Washington University and, therefore, the amount of property taxes foregone by University City taxing jurisdictions as a result of this tax exemption. This is a demanding task because St. Louis County does not update the assessed value of these properties and they have not been bought and sold very often on the private market. No method of estimation is perfect, but we believe our estimate of the range of values is reasonably accurate. Our methodology is detailed in the Subcommittee 1 Report in the Appendix. In addition, UCWU made every effort to document the contributions Washington University makes to University City both in terms of taxes and other payments, as well as in-kind contributions and intangibles that benefit University City governmental entities. UCWU members met with Washington University representatives to gather information about the programs the University proposes contribute to University City. UCWU also estimated the costs to University City of services provided to tax-exempt properties and their residents.

The City Council directed the committee "to study the option of increased demand on City services and infrastructure over the next 10 years..." and recommend ways that University City could be compensated for providing services to Washington University properties that do not pay property taxes. Included in our mandate was identifying payments in lieu of taxes (PILOTS) or in-kind service contributions by Washington University that could offset public service costs. The Resolution stated that Washington University could compensate for lost tax revenue in other ways, including additional public works resources; capital infrastructure improvements, such as parks; enhanced parking resources; and other improvements to the quality of life.

After gathering and analyzing all the facts on tax-exempt property, service costs, monetary and in-kind services by Washington University to University City, the committee deliberated on recommendations to the City Council. There is no way to quantify exactly what Washington University owes to University City to compensate for tax-exempt property. However, we believe the evidence points strong to the conclusion that the taxpayers of University City are bearing a disproportionate share of the burden. *Washington University can do more.*

Findings

- Washington University currently owns about 1.2 million square feet of residential and commercial property in University City and thus is our largest landowner. We estimate that the Washington University's total portfolio of residential and commercial property had a market value in late 2014 between \$110 and \$130 million, rising by another \$20-23 million or more by the time of the completion of the Lofts Phase 2. In late 2014 its properties comprised 3.8 to 4.5 percent of the Assessor's \$2,887 million appraisal of all taxable University City property. At the completion of the Lofts the University's tax-exempt property value could exceed 5.3 percent of the City's total property value.
- Washington University currently provides 70% of their students with main campus housing, where no space remains to build new student housing. The remaining 30% live off campus in University City, the Central West End near the Washington University Medical Center, the Skinker DeBaliviere area in St. Louis, Clayton and other areas where there is room for new or renovated student housing. Approximately 2,840 Washington University students currently live in University City, with 1,400 in University-owned, tax-exempt housing.
- Washington University's tax-exempt property in University City, if taxed, would generate \$1.61 to \$1.86 million in local property tax revenue, rising in 2018 to \$1.87 to \$2.16 million. University City and its Library account for 15 percent of those amounts, with the School District accounting for 78 percent.
- In their presentation to UCWU including "By the Numbers – Washington University's contributions to University City", representatives from Washington University included all their expenses and investments in University City as if they amounted to direct-benefit contributions to the City. Our Committee disagreed with some of their claims. We distinguish University expenses and investments from contributions as follows:
 - Washington University contributions that benefit University City exclusively should be valued fully as contributions. For example these would include the money paid to the Police Department and the revenue from the University parking meters.
 - Washington University contributions that benefit University City and Washington University equally should be 50/50 shared values. Examples are the in-kind contributions to the Library and bike and walking path construction.
 - Washington University contributions that benefit University City, St Louis, Washington University, etc. should be valued in appropriate proportions. For example this would include the Loop Trolley project that is 25% in University City and 75% in the City of St. Louis and thus be recorded as a 25/75 benefit.
 - Washington University expenses or investments that benefit Washington University only should not be valued as financial contributions to University City. This would include the design and construction of the apartment portion of the Lofts at Washington University, about 2/3 of construction, and the renovations of existing apartment buildings. There's a qualitative intangible benefit in the new building and renovation, but no direct tangible financial benefit to any taxing entities.

- Washington University one-time contributions should accrue against real estate tax revenue losses in the year in which they were made and annual contributions accrue to the taxing entity to which they are annually made. One-time contributions might include the construction costs of infrastructure improvements such as new sidewalks, lighting and signalized intersections.
- Washington University expenses for permits, or other services received from the City should not be viewed as contributions to University City taxing entities. These are expenses for services received from University City.
- Sales taxes derived from student purchases at University City restaurants and retail establishments should not be valued as contributions to University City. The students living in University City would be spending the same amounts whether they lived in Washington U apartments or private apartments, and the taxes are in exchange for goods and services rendered and therefore are not contributions.
- Washington University has also made other in-kind contributions to University City. Many of these contributions, however, mostly benefit Washington University and are very difficult to monetize. For example, Washington University estimates that its students provide 100,000 volunteer hours, mostly in the schools. Putting a dollar figure on the services of student interns working toward degrees and receiving credit hours would be impossible. Washington University noted that 313 of its faculty and staff live in the city representing a \$35 million payroll and that its undergraduates spend considerable money in University City. But these are private market transactions that do not directly benefit the City or the School District. Private businesses are not excused from paying taxes because they contribute to the local economy. (For more detailed analysis of Washington University’s projected contributions to University City, see the Subcommittee 3 Report in the Appendix.)
- Washington University tax-exempt properties and the students who live in them currently receive full city services including police, fire protection, street maintenance, lighting, sewers, public parking lots and street parking, use of parks and similar services. Using methodologies from the fiscal impact literature, the committee estimated the uncompensated public service costs that Washington University’s tax-exempt properties impose on University City. Using a per person methodology, we estimate service costs to both University City and the School District at \$3.09 million per year. Using the value of the tax-exempt property to calculate costs we estimate service costs between \$2.96 and \$3.49 million per year. (See Subcommittee 5 Report for the detailed methodology used to derive these estimates.)

Annual Washington University Cash Contributions	Cash	In-Kind
Washington U provides an annual grant of \$90,000 to the police department. Full value.	\$90,000	-
Washington U - U City parking meters at Lindell and Forsyth	\$24,000	-
Total Annual Washington University Contributions	\$114,000	-

One-Time Washington University Contributions

Washington University has also made a number of one-time, cash and in-kind service contributions to University City. We estimate the value of these contributions as follows based on the criteria established above:

Contributions • through 2104	Cash	In-Kind
\$150K one-time in-kind service and \$50K one-time cash to the Parkview Gardens Sustainability Plan. Shared value: U City and Washington U 50/50	\$25,000	\$75,000
\$100K one-time grant to the Loop Trolley Project Shared value: 25% U City – 75 % City of St Louis	\$25,000	-
In 2015 WU will make a \$250,000 grant to the Loop Trolley Company, which will accrue to the portion of that company represented by a UC taxing entity.		
Washington U provided \$5K to match the library's MOREnet grant. Full value - Discontinued	\$5,000	-
University City had a new fire station built on land provided by Washington U via a long term \$1 lease. ⁱ Shared value: 50% U City 50% WU = \$54,500 each	\$54,500	-
Total One-Time Contributions	\$109,500	+ \$75,000

- Though Washington University and University City have no specific PILOT agreement, the amount of \$114,000 to City taxing entities achieves a similar purpose.

\$114,000 cash contributions

\$1,857,000 lost 2014 tax-exempt real estate tax revenue = 6.1% of lost UC tax revenues

\$114,000 cash contributions

\$3,090,000 gross cost of 2014 UC services to WU = 3.7% of cost of UC services

\$114,000 cash contributions

\$70,000,000 all 2014 University City revenues = 0.16% of all U City revenues

- Washington University's annual contributions to University City equal 6.1% of lost 2014 tax-exempt real estate tax revenues, a typical average of universities but about 60% of the Boston U PILOT percentage of 10.5% to Boston in 2014. Other large universities gave similar amounts. Washington University's contributions equal 0.16% of University City total revenues, which also compares unfavorably to the Boston U PILOT of 0.21% of Boston's total revenues, to the Yale PILOT of 1.5% of New Haven CT's total revenues and the Roger Williams U PILOT equal to 4.77% of Bristol RI total revenues. Bristol RI with 23,000 residents is comparable in size to University City at 35,150.

Recommendations

University City benefits in many ways from having Washington University as a neighbor. Faculty, staff, and students stimulate the local economy and housing market. Washington University has grown both physically and in terms of faculty and students since its inception, and especially since the 1970s. The construction of the Kemper Art Museum, which is open to the public, the Law and Business Schools, renovations of Olin Library and Holmes Lounge and many more new buildings and renovations have enhanced both the size of the student body and the quality of education. The University has been generous with their provision of students to work in University City Public Schools.

On the other hand, Washington University benefits from being located next to University City. University City has lovely historic residential architecture, neighborhoods that welcome new residents, faculty and students alike, tree-lined Delmar Boulevard, restaurants of many nationalities and cuisines, art galleries, the Center on the Contemporary Arts (COCA), fashion shops, the Tivoli Theater, and music and entertainment venues. In 2007, the American Planning Association named the Delmar Loop “One of the 10 Great Streets in America.” Faculty, staff, and students have free access to taxpayer-provided amenities, such as the Ruth Park golf course, Heman Park swimming pool, recreation center, tennis courts, and the Public Library.

Clearly, Washington University and University City both benefit from being neighbors. Having said this, however, after studying the facts, we believe the relationship between Washington University and University City is out of balance.

University City taxpayers bear a burden from the large and growing amount of tax-exempt property within the borders of their city. The large presence of tax-exempt property has contributed to a relatively high property tax burden. Twelve municipalities in St. Louis County collect no property taxes. Of the 78 municipalities that do, University City has the 19th highest residential property tax rate (.7530). Taking into account the University Library tax, the city ranks near the top in total property taxes. High property taxes can harm property values and undermine the housing market.

There are basically four ways that University City could cope with its fiscal squeeze due to the large presence of tax-exempt property: 1) Raise taxes; 2) Cut services; 3) Receive additional payments or in-kind services from Washington University to make up for lost revenue; 4) Expand the tax base through economic development and investment. We do not recommend alternatives 1 and 2. Raising the already high tax rates or cutting services will make University City a less attractive place to live or do business and will not solve the underlying problem. We recommend the City pursue alternatives 3 and 4.

The main rationale for granting tax-exempt status to nonprofit institutions is that they provide services that take the burden off of the public sector or provide public good that otherwise governments would have to provide. For example, charities take care of the homeless and orphans who otherwise would need to be taken care of by government. Small nonprofits that exclusively serve their communities with services, such as family and children’s counseling, drug use treatment, and job counseling, have community missions that can be distinguished from universities. Washington University operates more like a business than a charity. By creating knowledge and more educated citizens

Washington University does benefit society, but the main beneficiaries are the students themselves, who pay high tuition rates for the privilege of attending (\$45,700 per year 2014-2015). As a national university, most students leave the St. Louis metropolitan area after graduation. The University has about \$8.7 billion in net assets in its endowment according to its 2014 Annual Statement. About \$6.7 billion is in market investments and \$2 billion in real estate. Washington University's financial assets are not evidence of obligation to contribute, but they are evidence of ability to contribute.

Recognizing that their wellbeing is wrapped up with the communities they are located in and that they often impose service burdens on local municipalities, universities around the nation have instituted policies to benefit their neighbors, including payments in lieu of taxes. Many universities now view themselves as “anchor institutions.” An “anchor institution” is any institution that is tied to a specific location “by reason of mission, invested capital, or relationships to customers or employees....” The most prominent anchor institutions are universities and hospitals, known as “eds” and “meds”. As anchor institutions, universities have come to realize that they can intentionally deploy their resources to benefit neighboring communities, while at the same time benefiting themselves – all the while staying within their mission. Washington University Medical Center has acted as an anchor institution in the Central West End and Forest Park Southeast neighborhoods. But it could embrace an anchor institution role more strongly in the case of University City, especially in northern parts of the City, which have high rates of poverty and unemployment.

Recommendation 1: Negotiate a PILOT

The tax-exempt status of Washington University is written into state law and University City cannot require Washington University to pay taxes. Any agreements to address the issues related to tax-exempt property will need to be beneficial to both partners. Many universities have recognized the need to compensate for tax-exempt property by making payments to local governments. These payments are called PILOTs or “payments in lieu of taxes.”ⁱⁱ PILOTs are *voluntary* payments made by a tax-exempt organization as a substitute for property taxes. Overall, PILOTs represent a small proportion of total city revenues but they still can be an important supplement. For example, Yale University entered into formal agreement with New Haven in 1991 for a \$1.2 million annual PILOT. Over time that payment has risen and in 2009 Yale agreed to increase its payment by 50 percent, so that starting in 2010 it contributed \$7.5 million per year.

A study of Boston found that sixteen colleges and universities contribute PILOTs to the City of Boston. Boston University made the largest PILOT (\$4.9 million) with Harvard second (\$2.0 million). Researchers found a direct correlation between the size and assets of the largest Boston universities and the size of their PILOTs. This correlation probably results from the large universities greater stake in the quality of city services, quality of life and general goodwill created by their PILOTs. When a nonprofit expands its real estate holdings, or buys up previously taxable property, the City of Boston initiates a conversation with the nonprofit with the objective of reaching a PILOT agreement.

Washington University's real estate holdings in University City have increased significantly in recent years and its holdings will increase in the years ahead. We believe University City should initiate a conversation with Washington University about instituting a PILOT. Instituting a PILOT will be challenging because there is no agreed

upon way to calculate the amount. As a prominent study of PILOTs put it:

The basis for deciding upon an appropriate PILOT amount varies across municipalities. Some ask tax-exempt institutions to pay a specific proportion of the property taxes the institution would owe if taxable. Others base the PILOT on some measure of the size of the nonprofit's property, such as square footage, or the size of its economic activity, such as number of employees or dormitory beds. The cost of the basic services provided to nonprofit institutions is also used as a guide.ⁱⁱⁱ

We believe that if Washington University agreed to a PILOT it would benefit them in the long run by helping to stabilize University City finances and improve the image of the University in the community. In any case, a PILOT will only cover a relatively small portion of the foregone property taxes.

Recommendation 2: Collaborate with Washington University to Spur Private Development and Boost the Tax Base

City Council should utilize the resources of the Community Development Department, real estate developers, real estate agents, business owners and residents, as well as Washington University, to create meaningful and realistic plans to stimulate economic growth and real estate development and provide financial resources, especially in northern University City that has high levels of poverty and unemployment. Washington University could provide social and job service counseling at their new North Campus location. Washington University has an Employer-Assisted Housing Program that provides down payment assistance to homebuyers in certain neighborhoods surrounding the campus. So far the program has assisted approximately 27 homebuyers giving out a total of \$108,950. If significantly more Washington University employees moved into the target area north of Olive Street, it could serve as a valuable stabilizing influence.

Since it is unlikely that Washington University would replace the entire \$1,857,000 average lost nonprofit real estate tax revenue, our City Council working with the Community Development Department and Planning staff should pursue economic development independently as well. There are programs in progress that may bear economic fruit, such as the Parkview Gardens Neighborhood Sustainable Development Plan, but this is a long-term plan without predictable financial benefits over ten years. Time will tell whether private developers will build retail, office and residential projects in a neighborhood served primarily by walking and scant public transportation with low parking ratios.

Likewise, the Loop Trolley now is in construction. Commercial development is occurring along its path in St. Louis, but large-scale renovation of adjacent North St. Louis neighborhoods will be a 10-year project at best. Time will tell whether the Loop Trolley will be a profitable part of a future comprehensive metropolitan transportation system. The proposed multistory New Urbanism project proposed by the City at Olive Street and North and South Boulevard is an encouraging independent development plan.

Recommendation 3: Negotiate Transfers of Real Property

Transfers of equivalent properties by the University and City (such as returning Pete's Sur-Save to a private commercial developer) should be considered as development options. We encourage our City Council to negotiate such agreements with each project.

Washington University should consider converting some of its residential property to private ownership and therefore putting it back on the tax rolls.

Recommendation 4: Cost Sharing for Municipal Infrastructure Projects

It is common for developers, both private and nonprofit, to contribute half or more of the infrastructure costs of their developments in areas surrounding the immediate sites. We encourage City Council to continue to negotiate such mutually beneficial agreements.

Recommendation 5: Service Assessments

University City could consider fee-for-service agreements with for specific city services provided to tax-exempt properties, such as street maintenance or snow removal.

Recommendation 6: Zoning Law Restrictions

Webster Groves has drawn boundaries around university development by creating Educational Campus Districts in their zoning ordinance that put a moratorium on university development outside these zones, protecting neighborhoods and their tax base. University City should evaluate this zoning law as a potential model for a zoning code amendment if citizens think further tax base erosion or quality of life issues are at risk.

Recommendation 6: Address Parking Issues Created by Students

With financial support from Washington University and in a spirit of full collaboration, University City should create and implement a Walking Plan to encourage students living in University apartments to walk to classes to minimize the parking disadvantage for long-term residents, shoppers and diners. The City should also encourage Washington University to extend the shuttle bus system between the main and north campuses to include any area of student housing not currently served in University City to avoid overburdened existing street and lot parking.

Recommendation 7: Transparency

We recommend that our City Council ask Washington University to disclose its plans for acquiring more properties in University City over the next ten years or more. Calculating future tax-exempt property values and lost tax revenues is complex, but a reasonable estimate is necessary in order to calculate requests for additional contributions.

Recommendation 8: The IBA Heidelberg Model

University of Heidelberg is making contributions to the City of Heidelberg Germany through Knowledge Based Urbanism, which establishes business incubators, technology think tanks and social services. Stanford, NYU and Harvard are emulating this program with their respective cities, and Washington University should consider doing the same.

In conclusion, we hope this report provides the City Council with adequate information to engage in constructive negotiations with Washington University for a PILOT program or additional cash and in-kind services to offset the City's real estate tax revenue losses, as well as to stem our population decline and stimulate economic growth. We hope Washington University recognizes that deficiencies in revenue may cause deficiencies in services and the condition of City streets, sidewalks, lighting, parks and properties that will negatively impact the quality of life. Working together, University City and Washington University can improve the quality of life for everyone.

Resolution 2014 - 3**RESOLUTION FOR AUTHORIZING THE ESTABLISHMENT OF A UNIVERSITY CITY ADVISORY BOARD ON WASHINGTON UNIVERSITY**

WHEREAS, the City of University City is a first-tier suburb facing the same challenges and stresses of such inner-ring suburbs around the Country; and

WHEREAS, the City Council of the City of University City is committed to asking a proactive approach to dealing with these challenges and stresses; and

WHEREAS, these challenges and stresses will be lessened with a vibrant, healthy economic climate within University City; and

WHEREAS, the City of University City has a long tradition of working in collaboration with our community partners such as the University City School District, the Loop Special Business District, Parkview Gardens Association, the Chamber of Commerce and Washington University; and

WHEREAS, appropriate continued development in University City is in the best interest of its residents; and

WHEREAS, the City council of University City seeks to make sure the relationship between the City and Washington University is of maximum benefit to all parties, and is not to the detriment of ether party; and

WHEREAS, by the laws of the State of Missouri, many of Washington University's properties in University City are tax exempt; and

WHEREAS, continued development and redevelopment can be more beneficial to our community when proposed projects address the need for additional public safety resources, additional public works resources, additional capital infrastructure improvements, parking resources, revenue responsibility and quality of life issues for existing residents; and

WHEREAS, the City of University City has a long tradition of turning to its residents and property owners for advise and guidance in areas of concern to it the city; and

WHEREAS, the City of University City has among its residents and business community experts in the field of Economic Development, land use, tax policy zoning and community investment; and

WHEREAS, the City of University City also has non-resident property owners who are, also, experts in the field of Economic Development, land use, tax policy, zoning and community investment; and

WHEREAS, many of these residents and property owners have expressed a willingness to volunteer their services, expertise and advice to advance an open dialog to discuss

economic development and redevelopment, land use, tax policy, zoning and community investment in University City; and

WHEREAS, Washington University has been a long-term and integral partner with the City of University City since the founding of our City and the largest single landowner with tax-exempt status in University City;

NOW, THEREFORE BE IT RESOLVED that the City Council of University City authorizes a voluntary Advisory Board on Washington University to work under the direction of the City Council to study the options of increased demand on City services and infrastructure over the next 10 years in University City.

This can include public safety resources, additional public works resources, additional capital infrastructure improvements, parks, parking resources, revenue responsibility and quality of life issues; and;

This Advisory Board will consist of University City residents and no more than 2 non-resident University City property-owners, and will be representative of the community to the greatest extent possible; and

Each member of the council will appoint (up to) 2 representatives to the group; and

The Advisory Board will develop its own procedures for accomplishing its work; and

The Advisory Board will follow the open meetings and records laws of the State of Missouri; and

The Advisory Board will be citizen led and directed, although the City Council will use its usual procedures to make appointment and will have two of its members serve as liaisons to the Advisory Board, and all members of Council and the public will be welcome to attend and observe its meetings; and

The City Manager will provide staff resources to the Advisory Board; and

The Advisory Board have its first meeting in May 2014 and work for a period of not more than 6 months; and

The Advisory board shall have the option of meeting at Heman Park Community Center, which will be made available for meetings at least once per month; and

The Advisory Board will study the University City relationship with Washington University and is requested to examine the following issues:

- How much revenue is lost to University City taxing entities because of the tax-exempt status of Washington University City properties?
- What taxes does Washington University provide to University City taxing entities?
- What does Washington University provide to University City taxing entities that can be measured in dollars?

- What "in kind" services does Washington University provide to University City taxing entities?
- Are there intangibles that Washington University supplies to University City taxing entities?
- How does University City taxing entities' relationship with Washington University compare with the relationships between other cities with comparable universities who have large tax exempt property holdings such as Brown University, Northwestern University, Rutgers University, Yale University, etc.?
- Is there is a way to quantify the amount of increased demand on City services that results from Washington University's ownership and development of tax exempt property?

The Advisory Board, upon completion of its work, will present a report that includes it recommendations, data and analysis to support its recommendations, realizing that its work is not established public policy, but is designed to present suggestions which the City Council may or may not choose to act upon.

Adopted this 24th day of March, 2014.



Mayor



City Clerk

UCWU Subcommittee Reports

Subcommittee 1 Report

Steven Stone • Stephen Selipsky • Jack Breier

Revenue Uncollected by University City Taxing Entities Because of the Tax-Exempt Status of Washington University Properties

In this chapter we estimate annual taxes that Washington University-owned properties in University City would produce if they were not tax-exempt. The State constitution establishes this tax exemption, and in this context we should note that it also constrains certain parts of local governments' property tax revenue and rates, which in response must be adjusted annually. Therefore the uncollected revenue calculated here is not purely a reduction of local government revenues; by constitutional original intention it is also partially a shift of tax burden from tax-exempt-property owners to taxable-property owners. We conclude that tax-exempt property, and changes in its extent, have effects both on tax rates and on government revenue levels. We will estimate the combined size of those effects without attempting a policy-maker's decision between their proportions.

These revenue calculations are intended as part of a larger picture addressed by other chapters of this report, including Washington University's substantial non-property-tax payments to local governments, its other support of local institutions, its cost impact on local government, and comparison with evolving relationships elsewhere between non-profit institutions and local governments.

Our analysis begins by generating, from the Saint Louis County Assessor database, a list of tax-exempt property in University City owned by Washington University. Since the Assessor's office assigns limited resources to appraising tax-exempt property, we adjust many of those valuations (some of which have remained constant for multiple years). To avoid the substantial cost and time of commissioning professional valuations of each property, we value single-family dwellings and most commercial buildings at the higher of last purchase price or Assessor's 2013 most recent available valuation. We value vacant land by area, based on recent transactions. For multiple-occupancy buildings we use an income approach based on market rents, to generate average valuations per apartment unit appropriate to each of three geographic areas (North Parkview / South Parkview / south of Delmar). Individual properties are color coded by this geography in Appendix: Portfolio Valuation and Taxation.

To provide some guidance on the reliability of our final numbers we use a valuation range: first calculating very conservative lower-bound values, and then repeating the calculation using "mid" values likely closer to current market values. In consultation with real estate professionals our income model calculations (see Appendix: Market Value Calculator) generate average valuations per apartment unit in the three respective geographic areas to be a lower-bound set of (\$60,000 / \$80,000 / \$100,000), and a mid-set of (\$75,000 / \$100,000 / \$125,000) which compare well with prices for units currently on the market.

The Lofts development on Delmar receives special treatment due to its location

straddling the border between University City and Saint Louis, its mixed residential/commercial space, the large component of recent capital investment in its exempt property value in University City. We use the announced Loft Phase II expansion to give a requested indication of future trends, but future purchases and/or conversions of property between taxable and tax-exempt will have additional effects.

To value the Lofts, we exclude taxable commercial space, and use an income approach based on published student room rates (see Appendix: Calculator). We thus assign a (low) \$45 to (most-likely) \$52 million value to the tax-exempt portion of Phase I, which may be compared to announced construction costs of \$69 million less \$6 million we allocate for the taxable commercial space. Since somewhat over 50% of units are located within University City, we conservatively allocate to it \$22.5 million to \$26 million of valuation. The planned development in 2017 of Phase II will add additional value, all tax-exempt residential and within University City limits. Our income approach valuation of \$20 to \$23 million may be compared to announced construction costs over \$11 million plus some allocation of infrastructure costs. We should keep in mind that Washington University's capital investment and development considerably increase the value of this property, and of other Washington University properties to a lesser extent. In the absence of the University's real estate activities, taxable developers might have made an unknowable portion of this investment; in the real world we note that private investment and future development proposals have also been increasing in the Loop and local student housing market (including recent proposals along Kingsland).

Assembling all these elements (in Appendix: Portfolio Valuation and Taxation) gives a market value for the total portfolio in University City of \$110 million to \$130 million, rising by another \$20 to \$23 million or more by 2018 (including Lofts Phase 2). The University may continue to acquire additional properties; on the other hand some previously tax-exempt properties are being moved into taxable status for management by for-profit subsidiaries (3.5% of the portfolio value based on county database through January 2015). Our valuation of the portfolio as of late 2014 comprises 3.8% to 4.5% of the Assessor's \$2,887 million appraisal of all taxable University City property for 2013 and 2014. By 2018 the University's tax-exempt property value may exceed 5.3% of the City's total property value.

We calculate forgone taxes as the County Assessor would, by multiplying each property's appraisal value by the statutory assessment ratio for residential (0.19) or commercial (0.32) use and multiplying by the property's sub-district tax rate. Ignoring small politically decided changes in tax rates if the portfolio were taxable, the resulting uncollected taxes / shifted tax burden are detailed in Table: Forgone Taxes below.

We conclude that Washington University's tax-exempt real estate in University City would otherwise generate at least \$1.61 million to \$1.86 million of city-local property taxes or reduced taxpayer rates in 2014, rising in 2018 to at least \$1.87 million to \$2.16 million. University City and its Library account for just over 15% of those amounts, and the School District accounts for 78%. The higher estimated values are the most likely.

Table: Forgone Taxes on Tax-Exempt Washington University Properties

	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>	<u>Percentage</u>
<i>2014 Low</i>				
Univ City School District	\$ 918,816	\$ 341,456	\$1,260,272	78.4%
City of University City	\$ 133,630	\$ 45,831	\$ 179,461	11.2%
University City Library	\$ 47,205	\$ 15,737	\$ 62,942	3.9%
University City Sewers	\$ 12,432	\$ 4,959	\$ 17,391	1.1%
Parkview Business District	\$ 44,178	\$ 18,500	\$ 62,678	3.9%
Univ City Business District	\$ 24,154	\$ 0	\$ 24,154	1.5%
Total Local	\$1,180,413	\$ 426,483	\$1,606,897	100.0%
State, County, Reg.	\$ 442,149	\$ 156,208	\$ 598,357	
Grand total	\$1,622,563	\$ 582,691	\$2,205,254	
<i>2014 Mid</i>				
Univ City School District	\$1,113,495	\$ 341,456	\$1,454,951	78.3%
City of University City	\$ 161,943	\$ 45,831	\$ 207,774	11.2%
University City Library	\$ 57,207	\$ 15,737	\$ 72,944	3.9%
University City Sewers	\$ 15,049	\$ 4,959	\$ 20,009	1.1%
Parkview Business District	\$ 54,953	\$ 18,500	\$ 73,453	4.0%
Univ City Business District	\$ 27,911	\$ 0	\$ 27,911	1.5%
Total Local	\$1,430,558	\$ 426,483	\$1,857,042	100.0%
State, County, Reg.	\$ 535,832	\$ 156,208	\$ 692,040	
Grand total	\$1,966,391	\$ 582,691	\$2,549,082	
<i>2018 Low</i>				
Univ City School District	\$1,115,561	\$ 341,456	\$1,457,017	78.0%
City of University City	\$ 162,244	\$ 45,831	\$ 208,075	11.1%
University City Library	\$ 57,313	\$ 15,737	\$ 73,050	3.9%
University City Sewers	\$ 15,966	\$ 4,959	\$ 20,925	1.1%
Parkview Business District	\$ 44,178	\$ 18,500	\$ 62,678	3.4%
Univ City Business District	\$ 45,624	\$ 0	\$ 45,624	2.4%
Total Local	\$1,440,884	\$ 426,483	\$1,867,368	100.0%
State, County, Reg.	\$ 536,826	\$ 156,208	\$ 693,034	
Grand total	\$1,977,711	\$ 582,691	\$2,560,402	
<i>2018 Mid</i>				
Univ City School District	\$1,339,752	\$ 341,456	\$1,681,208	78.0%
City of University City	\$ 194,849	\$ 45,831	\$ 240,680	11.2%
University City Library	\$ 68,831	\$ 15,737	\$ 84,568	3.9%
University City Sewers	\$ 19,114	\$ 4,959	\$ 24,073	1.1%
Parkview Business District	\$ 54,953	\$ 18,500	\$ 73,453	3.4%
Univ City Business District	\$ 52,602	\$ 0	\$ 52,602	2.4%
Total Local	\$1,730,100	\$ 426,483	\$2,156,584	100.0%
State, County, Reg.	\$ 644,711	\$ 156,208	\$ 800,919	
Grand total	\$2,374,811	\$ 582,691	\$2,957,502	

ⁱ The parcel is about 0.7 acres. The property immediately to the north of the fire station is 6504 Olive. This parcel is 1.84 acres with the land appraised at \$285,800 by St. Louis County. $\$285,800 / 1.84 \text{ acres} = 155\text{K/acre}$: $.7 \text{ acres} * \$155\text{K/acre} = \109K (value of the fire station land grant).

ii The University City School district property tax ranks in the middle (11th out of 23). After adding in the municipal and library tax, however, University City ranks near the top. *St. Louis County 2014 Rate Book*, available at: <http://revenue.stlouis.com/collection/2014/2014/RatBook.pdf>

iii Henry S. Webber and Mikael Karlstrom, *Why Community Investment is Good for Nonprofit Anchor Institutions: Understanding Costs, Benefits, and the Range of Strategic Options* (Chicago: Chapin Hall at the University of Chicago, 2009), p. 1.

^{iv} Our discussion of PILOTs relies heavily on Daphne A. Kenyon and Adam H. Langley, *Payments in Lieu of Taxes - Balancing Municipal and Nonprofit Interests* (Cambridge, MA: the Lincoln Institute of Land Policy, 2010).

ⁱⁱⁱⁱⁱv Kenyon and Langley, p. 6.

PORTFOLIO VALUATION AND TAXATION - WASHINGTON UNIVERSITY TAX-EXEMPT PROPERTIES IN UNIVERSITY CITY
 2014 rates and properties: mid-range market estimate excluding Lofts Phase 2

ASSUMPTIONS FOR MARKET VALUE

1. Single-family dwellings at higher of County Assessor's value or purchase price (if known).
2. Apartments shaded in red valued at \$75,000 per unit.
3. Apartments shaded in blue valued at \$100,000 per unit.
4. Apartments shaded in green valued at \$125,000 per unit.
5. We exclude taxable retail/garage commercial properties at 7351 - 7361 Forsyth, although they are appraised and taxed below likely market value.
6. 950 Kingsland is a commercial building; purchase price used for market value.
7. Other commercial buildings valued at higher of County Assessor's value or purchase price (if known).
8. 6610 Olive is a large vacant lot, currently held for commercial development. Purchase price used for market value.
9. Small vacant parcels and parking lots valued at \$7.50 per square foot.
10. 721 Kingsland includes both apartments and art facilities. County Assessor's value is used, although it is likely below market value.
11. 560 Trinity is the 560 Music Center. County Assessor's value is used, although it is likely below market value.
12. 306 Mehville is the Academy Building. County Assessor's value is used, although it is likely below market value.
13. 6601 Vernon is the MySci Resource Center. Purchase price used for market value.
14. 6261 Delmar is the Lofts of Washington University; almost half of the Phase I development is located in the City of St. Louis.

Input	Lower	Higher
\$ 75,000	\$ 60,000	\$ 75,000
\$ 100,000	\$ 80,000	\$ 100,000
\$ 125,000	\$ 100,000	\$ 125,000
\$ 52	\$ 45	\$ 52
\$ -	\$ -	\$ -
	Lofts 1	Lofts 2

By intergovernmental agreement, University City provides fire, EMT, and police protection. We assign 50% of value and unrecruited tax to University City.

An income model values the non-taxable residential portion (including Enright phase I buildings) at \$45 to \$52 million (total in both cities).

This compares to announced construction costs of \$69 million less an estimated \$6 million for 20,744 sq ft of taxable commercial area.

15. 6201 Enright is the site of Phase II of the Lofts (announced for 2017 completion), located within University City limits.

An income model supports valuation at \$20 to \$23 million (vs Phase II construction costs estimated over \$11 million plus infrastructure).

TOTAL MARKET VALUE: \$ 129,647,860

TOTAL UNCOLLECTED TAXES: \$ 2,549,082

LOCATOR #	ADD-RESS	STREET	COUNT OF APT UNITS	Land/Retail SF	MARKET VALUE	Only odd years		ASSESSOR ASSESSED	MARKET ASSESSED	TAX SUB DISTRICT	2014 TAX RATE	UNCOLLECTED MARKET TAXES	TAX-EXEMPT
						2013 ASSESSOR APPRAISED	2013 ASSESSOR ASSESSED						
18H440236	5238	CABANNE	8		\$450,000	\$115,000	\$26,600	\$47,610	\$85,200	131-BA	0.094610	\$8,089	Y
18H440274	5233	CABANNE	2		\$150,000	\$48,000	\$13,100	\$39,800	\$28,500	131-BA	0.094610	\$2,896	Y
18H440414	5262	CABANNE	0		\$47,300	\$15,000	\$4,700	\$12,110	\$8,387	131-BA	0.094610	\$850	Y
18H440661	5310	CABANNE	3		\$300,000	\$13,500	\$279,400	\$57,700	\$57,000	131-BA	0.094610	\$5,393	Y
18H440708	6314	CABANNE	4		\$300,000	\$170,000	\$280,600	\$57,950	\$57,000	131-BA	0.094610	\$5,393	Y
18H443134	6255	CABANNE	0	3,400	\$25,500		\$14,400	\$2,300	\$4,845	131-BA	0.094610	\$458	Y
18H443145	6253	CABANNE	0	3,484	\$26,100		\$13,700	\$2,570	\$4,365	131-BA	0.094610	\$470	Y
18H443136	6253	CABANNE	0	3,920	\$29,400		\$14,300	\$2,810	\$5,288	131-BA	0.094610	\$578	Y
18H420742	6219	CATES	0	13,339	\$104,000		\$22,000	\$570	\$29,869	131-BA	0.094610	\$2,879	Y
18H421394	6260	CATES	6		\$600,000	\$286,000	\$256,600	\$47,610	\$114,000	131-BA	0.094610	\$10,786	Y
18H421376	6270	CATES	6		\$600,000	\$286,000	\$256,600	\$47,610	\$114,000	131-BA	0.094610	\$10,786	Y
18H430297	6414	CATES	4		\$400,000	\$130,000	\$296,100	\$61,160	\$76,000	131-BA	0.094610	\$7,190	Y
18H430413	6415	CATES	0		\$103,700	\$103,700	\$103,700	\$26,980	\$19,703	131-BA	0.094610	\$1,864	Y
18H430451	6425	CATES	3		\$300,000	\$115,000	\$280,900	\$58,010	\$57,000	131-BA	0.094610	\$5,393	Y
18H430454	6429	CATES	6		\$600,000	\$286,000	\$256,600	\$47,610	\$114,000	131-BA	0.094610	\$10,786	Y
18H440032	6249	CATES	0	10,000	\$75,200		\$29,900	\$6,400	\$12,230	131-BA	0.094610	\$1,248	Y
18H440098	6261	CATES	0		\$109,300	\$76,900	\$109,300	\$28,440	\$20,767	131-BA	0.094610	\$1,965	Y
18H421365	6266	CATES	6		\$600,000	\$286,000	\$256,600	\$47,610	\$114,000	131-BA	0.094610	\$10,786	Y
18H440164	6269	CATES	4		\$400,000	\$241,800	\$49,930	\$76,000	\$76,000	131-BA	0.094610	\$7,190	Y
18H440241	6309	CATES	3		\$300,000	\$109,300	\$276,200	\$57,940	\$57,000	131-BA	0.094610	\$5,393	Y
18H440263	6311	CATES	0		\$87,500	\$10,000	\$87,500	\$22,570	\$16,623	131-BA	0.094610	\$1,573	Y
18H440285	6317	CATES	6		\$600,000	\$320,000	\$286,600	\$47,610	\$114,000	131-BA	0.094610	\$10,786	Y
18H440373	6321	CATES	0		\$123,400	\$69,750	\$123,400	\$31,110	\$23,444	131-BA	0.094610	\$2,214	Y
18H443244	6308	CATES	4		\$400,000	\$205,000	\$284,000	\$54,530	\$78,000	131-BA	0.094610	\$7,190	Y
18H421299	6311	CLEMENS	3		\$300,000	\$162,500	\$193,900	\$36,270	\$57,000	131-BA	0.094610	\$5,393	Y
18H421321	6265	CLEMENS	24		\$1,400,000	\$1,089,100	\$201,270	\$458,000	\$131,000	131-BA	0.094610	\$43,142	Y
18H421523	6275	CLEMENS	0	5,227	\$39,203		\$38,900	\$7,390	\$7,448	131-BA	0.094610	\$705	Y
18H421530	6273	CLEMENS	0	1,307	\$9,803		\$15,000	\$2,850	\$1,862	131-BA	0.094610	\$176	Y
18H430022	6600	CLEMENS	12		\$1,200,000	\$100,000	\$900,000	\$28,000	\$23,300	131-BA	0.094610	\$2,171	Y
18H430044	6632	CLEMENS	12		\$1,200,000	\$480,000	\$541,000	\$100,330	\$28,000	131-BA	0.094610	\$2,171	Y
18H430066	6620	CLEMENS	6		\$600,000	\$286,000	\$256,600	\$47,610	\$114,000	131-BA	0.094610	\$10,786	Y
18H430143	6603	CLEMENS	15		\$1,500,000	\$420,000	\$694,400	\$124,340	\$129,000	131-BA	0.094610	\$12,964	Y
18H430176	6609	CLEMENS	6		\$600,000	\$48,000	\$256,600	\$47,610	\$114,000	131-BA	0.094610	\$10,786	Y
18H430220	6633	CLEMENS	4		\$400,000	\$278,200	\$57,510	\$76,000	\$76,000	131-BA	0.094610	\$7,190	Y
18H430233	6633	CLEMENS	4		\$400,000	\$278,200	\$57,510	\$76,000	\$76,000	131-BA	0.094610	\$7,190	Y
18H420386	736	EASTGATE	6		\$600,000	\$286,000	\$256,600	\$47,610	\$114,000	131-BA	0.094610	\$10,786	Y
18H420421	740	EASTGATE	6		\$600,000	\$286,000	\$256,600	\$47,610	\$114,000	131-BA	0.094610	\$10,786	Y
18H420452	746	EASTGATE	6		\$600,000	\$190,300	\$256,600	\$47,610	\$114,000	131-BA	0.094610	\$10,786	Y
18H420485	800	EASTGATE	6		\$600,000	\$240,000	\$256,600	\$47,610	\$114,000	131-BA	0.094610	\$10,786	Y
18H420614	812	EASTGATE	6		\$600,000	\$240,000	\$256,600	\$47,610	\$114,000	131-BA	0.094610	\$10,786	Y
18H421068	723	EASTGATE	6		\$600,000	\$270,000	\$256,600	\$47,610	\$114,000	131-BA	0.094610	\$10,786	Y
18H421071	717	EASTGATE	4		\$400,000	\$210,000	\$274,600	\$56,200	\$76,000	131-BA	0.094610	\$7,190	Y
18H421080	711	EASTGATE	3		\$300,000	\$45,000	\$281,100	\$58,040	\$57,000	131-BA	0.094610	\$5,393	Y
18H421343	745	EASTGATE	6		\$600,000	\$310,000	\$286,000	\$47,610	\$114,000	131-BA	0.094610	\$10,786	Y
18H421343	741	EASTGATE	6		\$600,000	\$500,000	\$95,000	\$114,000	\$114,000	131-BA	0.094610	\$10,786	Y
18H421112	810	EASTGATE	6		\$600,000	\$35,000	\$256,600	\$134,000	\$114,000	131-BA	0.094610	\$10,786	Y
18H440395	901	EASTGATE	4		\$400,000	\$145,750	\$320,200	\$45,430	\$76,000	131-BA	0.094610	\$7,190	Y
18H440306	905	EASTGATE	4		\$400,000	\$160,000	\$240,000	\$43,270	\$76,000	131-BA	0.094610	\$7,190	Y
18H443123	915	EASTGATE	4		\$400,000	\$280,000	\$57,000	\$76,000	\$76,000	131-BA	0.094610	\$7,190	Y
18H431178	909	EASTGATE	4		\$400,000	\$180,000	\$209,700	\$48,310	\$76,000	131-BA	0.094610	\$7,190	Y
18H412246	751	INTERDRIVE	6		\$600,000	\$45,000	\$286,600	\$47,610	\$134,000	131-BA	0.094610	\$10,786	Y
18H412257	745	INTERDRIVE	6		\$600,000	\$260,000	\$250,600	\$47,610	\$114,000	131-BA	0.094610	\$10,786	2015 N
18H412145	708	INTERDRIVE	6		\$600,000	\$700,000	\$362,100	\$68,800	\$114,000	131-BA	0.094610	\$10,786	Y
18H421136	720	INTERDRIVE	6		\$600,000	\$700,000	\$381,900	\$72,540	\$114,000	131-BA	0.094610	\$10,786	Y
18H421178	718	INTERDRIVE	6		\$600,000	\$311,000	\$311,000	\$59,150	\$59,150	131-BA	0.094610	\$5,393	Y
18H421453	740	INTERDRIVE	0	6,979	\$52,343		\$22,300	\$4,200	\$9,445	131-BA	0.094610	\$941	Y
18H421484	730	INTERDRIVE	12		\$1,200,000	\$500,000	\$96,000	\$228,000	\$131,000	131-BA	0.094610	\$21,571	2015 N
18H421475	726	INTERDRIVE	12		\$1,200,000	\$1,090,000	\$53,200	\$95,000	\$238,000	131-BA	0.094610	\$21,571	2015 N
18H421541	744	INTERDRIVE	6		\$600,000	\$700,000	\$378,400	\$61,450	\$114,000	131-BA	0.094610	\$10,786	Y
18H620574	722	KINGSLAND	3		\$300,000	\$425,000	\$286,600	\$54,080	\$57,000	131-BA	0.094610	\$5,393	Y
18H430374	821	LELAND	6		\$600,000	\$925,890	\$256,600	\$47,610	\$114,000	131-BA	0.094610	\$10,786	Y
18H421522	720	LIMIT	6		\$600,000	\$104,890	\$250,600	\$47,610	\$114,000	131-BA	0.094610	\$10,786	Y
18H421200	727	LIMIT	18		\$1,800,000	\$769,800	\$769,800	\$142,810	\$342,000	131-BA	0.094610	\$32,857	Y
18H421222	715	LIMIT	6		\$600,000	\$785,000	\$256,600	\$47,610	\$134,000	131-BA	0.094610	\$10,786	Y
18H421681	733	LIMIT	6		\$600,000	\$458,000	\$593,200	\$95,000	\$114,000	131-BA	0.094610	\$10,786	Y
18H620385	727	LYRACUSE	6		\$600,000	\$340,000	\$258,000	\$47,610	\$114,000	131-BA	0.094610	\$10,786	Y
18H411157	745	WESTGATE	6		\$600,000	\$300,000	\$250,600	\$47,610	\$114,000	131-BA	0.094610	\$10,786	Y
18H411167	749	WESTGATE	6		\$600,000	\$300,000	\$325,800	\$58,650	\$114,00				

LOCATOR #	ADD-RESS	STREET	COUNT OF APT UNITS	Land/Retail SF	MARKET VALUE	DESCRIPTION	PURCHASE PRICE	2013 ASSESSOR APPRAISED	ASSESSOR ASSESSED	MARKET ASSESSED	TAX SUB DISTRICT	2014 TAX RATE	UNCOLLECTED MARKET TAXES	TAX-EXEMPT
181341225	6647	WASHINGTON	0		\$324,500	DWELLING	\$280,000	\$324,500	\$87,020	\$61,653	131-Q	0.087810	\$5,414	Y
181620981	6605	WASHINGTON	6		\$730,000	APARTMENTS-GARDEN		\$317,500	\$50,450	\$142,500	131-Q	0.087810	\$12,513	Y
181411196	6609	WASHINGTON	4		\$500,000	APARTMENTS	\$300,000	\$306,600	\$68,725	\$95,000	131-Q	0.087810	\$8,842	Y
181620989	721	KINGSLAND	0		\$1,096,700	SCHOOL/APTS		\$1,096,700	\$388,730	\$208,373	131-Q	0.087810	\$18,297	Y
181620989	721	KINGSLAND	0		\$6,787,200	SCHOOL/COMMERCIAL		\$6,787,200	\$2,123,440	\$2,171,904	131-Q	0.107187	\$23,850	Y
181620984	560	TRINITY	0		\$2,065,900	COMMERCIAL		\$2,065,900	\$661,090	\$661,088	131-Q	0.107187	\$70,860	Y
181341006	520	KINGSLAND	6		\$730,000	APARTMENTS-GARDEN	\$1,050,000	\$280,400	\$48,260	\$142,500	131-R	0.086880	\$12,880	Y
181413291	6601	KINGSBURY	3		\$375,000	APARTMENTS	\$205,000	\$285,400	\$59,150	\$71,250	131-R	0.086880	\$6,190	Y
181413245	6609	KINGSBURY	6		\$730,000	APARTMENTS-GARDEN	\$350,000	\$332,500	\$52,040	\$142,500	131-R	0.086880	\$12,880	Y
181413063	6615	KINGSBURY	6		\$730,000	APARTMENTS-GARDEN	\$295,000	\$280,400	\$48,260	\$142,500	131-R	0.086880	\$12,880	Y
181340821	6653	KINGSBURY	6		\$730,000	APARTMENTS	\$372,500	\$232,100	\$47,710	\$142,500	131-R	0.086880	\$12,880	Y
181340885	6679	KINGSBURY	30		\$3,750,000	APARTMENTS-GARDEN		\$964,200	\$179,440	\$712,500	131-R	0.086880	\$61,903	Y
181340922	6823	KINGSBURY	6		\$730,000	APARTMENTS-GARDEN	\$380,000	\$260,400	\$48,260	\$142,500	131-R	0.086880	\$12,880	Y
181340940	6843	KINGSBURY	6		\$730,000	APARTMENTS-GARDEN	\$287,000	\$260,400	\$48,260	\$142,500	131-R	0.086880	\$12,880	Y
181340951	6837	KINGSBURY	6		\$730,000	APARTMENTS-GARDEN	\$310,000	\$312,800	\$59,450	\$142,500	131-R	0.086880	\$12,880	Y
181240015	7030	PERSHING	0		\$370,000	DWELLING	\$370,000	\$312,600	\$66,330	\$70,300	131-R	0.086880	\$6,108	Y
181240030	7034	PERSHING	0		\$310,000	DWELLING	\$310,000	\$299,100	\$42,970	\$38,900	131-R	0.086880	\$5,117	Y
181240037	7036	PERSHING	0		\$380,000	DWELLING	\$380,000	\$296,500	\$62,870	\$72,200	131-R	0.086880	\$6,273	Y
181330026	7020	PERSHING	0		\$325,000	DWELLING	\$325,000	\$267,100	\$56,170	\$61,750	131-R	0.086880	\$5,855	Y
181330161	7001	PERSHING	0		\$455,000	DWELLING	\$455,000	\$208,600	\$40,610	\$86,450	131-R	0.086880	\$7,511	Y
181330194	7005	PERSHING	0		\$455,000	DWELLING	\$455,000	\$241,900	\$48,600	\$86,450	131-R	0.086880	\$7,511	Y
181330280	6607	UNIVERSITY	4		\$600,000	APARTMENTS	\$1,599,000	\$476,500	\$88,400	\$95,000	131-R	0.086880	\$8,254	Y
181330651	6627	UNIVERSITY	4		\$600,000	APARTMENTS	\$387,500	\$416,700	\$86,050	\$95,000	131-R	0.086880	\$8,254	Y
181330754	6633	UNIVERSITY	4		\$600,000	APARTMENTS	\$360,000	\$401,800	\$42,870	\$95,000	131-R	0.086880	\$8,254	Y
181330726	6649	UNIVERSITY	4		\$600,000	APARTMENTS	\$0	\$81,100	\$72,300	\$95,000	131-R	0.086880	\$8,254	Y
181330117	6803	UNIVERSITY	6		\$730,000	APARTMENTS-GARDEN	\$260,400	\$48,260	\$142,500	\$142,500	131-R	0.086880	\$12,880	Y
181330128	6811	UNIVERSITY	9		\$730,000	APARTMENTS-GARDEN	\$260,400	\$48,260	\$142,500	\$142,500	131-R	0.086880	\$12,880	Y
181330458	6639	UNIVERSITY	0		\$766,100	DWELLING	\$766,100	\$138,210	\$145,559	\$145,559	131-R	0.086880	\$12,046	Y
181413087	6600	WASHINGTON	72		\$9,000,000	APARTMENTS-GARDEN	\$2,469,770	\$4,201,800	\$798,340	\$1,710,000	131-R	0.086880	\$148,960	Y
1814130874	6628	WASHINGTON	6		\$730,000	APARTMENTS-GARDEN	\$260,400	\$48,260	\$142,500	\$142,500	131-R	0.086880	\$12,880	Y
181340995	6640	WASHINGTON	12		\$1,500,000	APARTMENTS-GARDEN	\$520,800	\$96,280	\$289,000	\$289,000	131-R	0.086880	\$24,761	Y
181341039	6634	WASHINGTON	0	11,500	\$86,350	VACANT LAND		\$56,800	\$12,100	\$16,188	131-R	0.086880	\$2,424	Y
181341127	6878	WASHINGTON	6		\$730,000	APARTMENTS-GARDEN	\$375,000	\$287,400	\$48,260	\$142,500	131-R	0.086880	\$12,880	Y
181120940	7357	UNDELL	0	3,000	\$11,200	PARKING LOT	\$425,000	\$11,200	\$3,580	\$3,584	131-R	0.106197	\$881	Y
181110285	306	MEHLVILLE	0		\$751,100	ACADEMY BUILDING		\$729,800		\$240,992	131-R	0.106197	\$25,593	Y
181110131	207	WESTGATE	0	2,800	\$21,000	VACANT LAND		\$99,100	\$39,530	\$6,720	131-R	0.106197	\$714	Y
181120115	7341	FOHRYTH	0	5,300	\$14,200	PARKING LOT		\$16,200	\$5,190	\$5,184	131-R	0.106197	\$551	Y
181421356	6761	DELMAR			\$76,000,000	WASH U LOFTS DELMAR		\$516,600	\$47,779	\$4,840,000	131-S	0.093460	\$40,092	Y
181421604	6200	ENRIGHT			INCLUDED ABOVE	WASH U LOFTS STAGE 1 ENRIGHT					131-S	0.093460	\$0	Y
181421611	6201	ENRIGHT			\$0	WASH U LOFTS STAGE 2, 2017	\$387,500	\$513,700	\$97,610	\$0	131-S	0.093460	\$0	Y

TOTAL MARKET VALUE: \$ 129,647,860
 Less Jan 2013 conversions to non-exempt \$ 4,800,000
 2013 non-exempt fraction: 1/78

TOTAL UNCOLLECTED TAXES: \$ 2,549,082
 Less Jan 2013 conversions to non-exempt \$ 86,284
 2013 non-exempt fraction: 3/48

2014 TAX RATES:

Sub-District	Rate Book Residential	Rate Book Commercial	Commercial with 1.70% Surcharge
131-BA	9.4610%	9.8687%	11.5687%
131-Q	8.7810%	9.0187%	10.7187%
131-R	8.6880%	8.9197%	10.6197%
131-S	9.3460%	9.5487%	11.2487%

U-City's Share	U-City School	U-City Library	U-City Sewers	Parkview Bus.	U-City Bus.
U-City School	5.1775%	5.4662%	8.4842%	0.0380%	0.0393%
City of U-City	0.7530%	0.7310%	0.8702%	0.2660%	0.2520%
U-City Library	0.2660%	0.2520%	0.2988%	0.0930%	0.0990%
U-City Sewers	0.0930%	0.0990%	0.0900%	0.6800%	0.8500%
U-City Bus.	0.5650%	0.5300%	0.5300%		

State, County, Reg.	Verify surcharge	Surcharge	8.9197% Surcharge-sharing
State, County, Reg.	2.4915%	2.4915%	2.9661%
Verify surcharge			1.7000%
Surcharge			1.7000%

UNCOLLECTED TAXES

	Residential	Commercial	Total	
U-City School:	\$1,113,495	\$341,456	\$1,454,951	78.3%
City of University City:	\$161,943	\$45,831	\$207,774	11.2%
U-City Library:	\$57,207	\$15,737	\$72,944	3.9%
U-City Sewers:	\$15,049	\$4,959	\$20,009	1.1%
Parkview Bus. Dist:	\$54,953	\$18,500	\$73,453	4.0%
U-City Business Dist:	\$27,911	\$0	\$27,911	1.5%
Total	\$1,430,558	\$426,483	\$1,857,042	100.0%
State, County, Reg.	\$535,832	\$156,208	\$692,040	
Grand total	\$1,966,391	\$582,691	\$2,549,082	

Assessed Value by Subdistrict:

Subdistrict	Assessed Value
131-BA Residential	\$ 8,081,293
131-BA Commercial	\$ 2,176,509
131-Q Residential	\$ 3,160,878
131-Q Commercial	\$ 2,832,992
131-R Residential	\$ 5,324,247
131-R Commercial	\$ 256,480
131-S Residential	\$ 4,940,000
TOTAL	\$ 26,772,398

Assessed Value by Class:

Class	Assessed Value
Residential	\$ 21,506,417
Commercial	\$ 5,265,981
TOTAL	\$ 26,772,398

MARKET VALUE CALCULATOR - CITY APARTMENTS

	Area A	Area B	Area C
MONTHLY RENT:	\$ 750	\$ 1,000	\$ 1,200
EXPENSE RATIO: excluding property tax *	0.40	0.40	0.40
INSERT NUMBER OF UNITS:	6	6	6

GROSS RENT

Annual Gross Rent	\$ 54,000	\$ 72,000	\$ 86,400
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EXPENSES

Gross Rent x Expense Ratio	\$ 21,600	\$ 28,800	\$ 34,560
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NET OPERATING INCOME

Gross Rent Minus Expenses	\$ 32,400	\$ 43,200	\$ 51,840
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MARKET VALUE OF BUILDING

10.7% Cap Rate	302,804	403,738	484,486
8.7% Cap Rate	372,414	496,552	595,862
6.7% Cap Rate	483,582	644,776	773,731

These Capitalization Rates reflect base rates of 5%, 7%, and worst-case 9%, plus 1.7% to account for average University City real estate taxes (on appraisal basis).

The middle value is conservative for older construction and general location.

* The expense ratio does not include real estate taxes, which are built in to Capitalization Rates.

MARKET VALUE PER APARTMENT UNIT

10.7% Cap Rate	50,467	67,290	80,748
8.7% Cap Rate	62,069	82,759	99,310
6.7% Cap Rate	80,597	107,463	128,955

MARKET VALUE CALCULATOR - LOFTS PHASE 1

ANNUAL RENT-EFFICIENCY: \$ 13,780 2015 including utilities
ANNUAL RENT-MULTI-ROOM: \$ 12,816 2015 including utilities
 Two academic terms, does not include possible summer revenue

EXPENSE RATIO: 0.35 New, energy-efficient
 excluding property tax *

EFFICIENCY/SINGLE TENANTS: 27 27 apartments

MULTI-ROOM TENANTS: 387 140 apartments

GROSS RENT

Annual Gross Rent	\$ 5,331,852
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EXPENSES

Gross Rent x Expense Ratio	\$ 1,866,148
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NET OPERATING INCOME

Gross Rent Minus Expenses	\$ 3,465,704
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MARKET VALUE OF LOFTS 1

50%

U-City Property Allocation

10.7% Cap Rate	\$ 32,389,755	\$ 16,194,878
7.7% Cap Rate	\$ 45,009,140	\$ 22,504,570
6.7% Cap Rate	\$ 51,726,922	\$ 25,863,461

These Capitalization Rates reflect base rates of 5%, 6%, and worst-case 9%, plus 1.7% to account for average University City real estate taxes (on appraisal basis).

The middle value is conservative for new construction and desirable location.

* The expense ratio does not include real estate taxes, which are built in to Capitalization Rates.

MARKET VALUE PER BED

10.7% Cap Rate	\$ 78,236
7.7% Cap Rate	\$ 108,718
6.7% Cap Rate	\$ 124,944

MARKET VALUE CALCULATOR - LOFTS PHASE 2

ANNUAL RENT-EFFICIENCY: \$ 13,780 including utilities

ANNUAL RENT-MULTI-ROOM: \$ 12,816 including utilities

Two academic terms, does not include possible summer revenue

EXPENSE RATIO: 0.35 New, energy-efficient
excluding property tax *

EFFICIENCY/SINGLE TENANTS: 0

MULTI-ROOM TENANTS: 186

GROSS RENT

Annual Gross Rent	\$ 2,383,776
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EXPENSES

Gross Rent x Expense Ratio	\$ 834,322
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NET OPERATING INCOME

Gross Rent Minus Expenses	\$ 1,549,454
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MARKET VALUE OF LOFTS 2

100%
U-City Property Allocation

10.7% Cap Rate	\$ 14,480,882	\$ 14,480,882
7.7% Cap Rate	\$ 20,122,784	\$ 20,122,784
6.7% Cap Rate	\$ 23,126,185	\$ 23,126,185

These Capitalization Rates reflect base rates of 5%, 6%, and worst-case 9%, plus 1.7% to account for average University City real estate taxes (on appraisal basis).

The **middle value** is conservative for new construction and desirable location.

* The expense ratio does not include real estate taxes, which are built in to Capitalization Rates.

MARKET VALUE PER BED

10.7% Cap Rate	\$ 77,854
7.7% Cap Rate	\$ 108,187
6.7% Cap Rate	\$ 124,334

U-CITY SHARE OF MARKET VALUE - LOFTS PHASE 1 AND PHASE 2

	PHASE 1	PHASE 2	TOTAL
10.7% Cap Rate	\$ 16,194,878	\$ 14,480,882	\$ 30,675,760
7.7% Cap Rate	\$ 22,504,570	\$ 20,122,784	\$ 42,627,355
6.7% Cap Rate	\$ 25,863,461	\$ 23,126,185	\$ 48,989,646

COMMERCIAL SPACE CAPITAL COST ESTIMATE

The Lofts of Washington University, Delmar Blvd

Grocery	14,939 sq ft	
Diner	4,875 sq ft	
Retail bay	930 sq ft	also quoted as 935 sq. ft.
TOTAL	20,744 sq ft	

Cost rate 300 \$/sq ft High-end, including tenant finish
COST ESTIMATE \$ 6,223,200

Residential cross check of numbers:

<https://sustainability.wustl.edu/campus-operations/green-buildings/leed-certified-buildings/>

The Lofts is a 206,000 sq. ft. set of buildings

	206,000	sq ft	
Cost rate	300	\$/sq ft	High-end
COST ESTIMATE	\$ 61,800,000		

County Assessor valuations of Lofts land parcels

Partial listing, other parcels may be included in development

		<u>2014 land</u>	<u>Acres</u>	<u>2013 land</u>	<u>2013 total</u>
18H421596	6261 Delmar	\$ 282,300	0.43	\$ 270,000	\$ 513,600
18H421604	6200 Enright Ave	\$ 1,685,100	2.58	\$ 2,475,000	\$ 4,705,800
18H421613	6201 Enright Ave	\$ 300,500	0.67	\$ 300,500	\$ 513,700

What does Washington University provide to University City taxing entities that can be measured in dollars?

.....

Washington U Yearly Contributions to U City • 2013	Cash Contribution	In-Kind Service
Washington U provided \$150K in-kind service and \$50K cash to the Parkview Gardens Sustainability Plan. Shared value: U City and Washington U 50/50:	\$25,000	\$75,000
Washington U provided a \$100K grant to the Loop Trolley Project. Shared value: 25% U City – 75 % City of St Louis:	\$25,000	-
Note: WU has provided a \$250,000 contribution to the Loop Trolley Company for 2015, which we would value at 25% to University City and 75% to St. Louis taxing entities if any.		
Washington U provided \$5K to match the libraries MOREnet grant. Full value. Now discontinued.	\$5,000	-
Washington U provides an annual grant of \$90,000 to the police department. Full value.	\$90,000	-
Washington U had 17 U City parking meters installed on their parking lot at Lindell and Forsyth. Assuming 36 hours of use each week per meter: 36 hours/week/meter x \$.75/hour x 17 meters x 52 weeks/year = \$24K per year. Full value.	\$24,000	-
University City has a new fire station built on land provided by Washington U via a long term \$1 lease. The parcel is about 0.7 acres. The property immediately to the north of the fire station is 6504 Olive. This parcel is 1.84 acres with the land appraised at \$285,800 by St. Louis County. \$285,800 / 1.84 acres = \$155K/acre: .7 acres x \$155K/acre = \$109K (value of the fire station land grant) Shared value: 50% U City 50% WU = \$54,500 each	\$54,500	-
Total • One time contributions	\$109,500	+ \$75,000
Total • Annual contributions	\$114,000	

Properties owned by Parallel Properties, a for profit company, are held by Washington University for future student use. They are not needed today for students and are fully occupied by renters. At the UCWU meeting on Thursday March 26 2015, we determined that properties owned by for-profit subsidiaries of Washington U are not real estate tax exempt and their tax payments should not be treated as contributions to University City.

**Subcommittee 3 Report: What “in-kind” services do Washington University provide to University City taxing entities?
What does Washington University provide to the University City taxing entities that can be measured in dollars?**

Christine Albinson • Caryn St Clair

Subcommittee 3’s task was to study the positive and negative, the tangible and intangible benefits of the acquisition of a substantial portion of the land and buildings in the eastern part of University City (UC) by Washington University (WU), and to measure the dollar value of WU in-kind services and the degree that they mitigate the cost burden on University City taxing entities created by Washington University tax-exempt properties. This area includes most of the higher density housing in University City in Parkview Gardens, as well as other areas in University City and totals about 150 acres.

Background for the Information Compilation and Research regarding the impact of Washington University on the Tax Base of University City and its Citizens:

Parkview Gardens and the Delmar Loop and were established about 1891 prior to the 1904 World’s Fair as an apartment neighborhood and downtown retail area for University City. In the early 1900’s, the Loop was a turnaround for the St. Louis Street Car Service. Washington University was primarily a commuter campus, and so their students, as well as young couples and families, rented the privately owned apartments. Residential areas south and west of the Loop contained single-family homes and apartments. By the 1960’s, the Loop area was deteriorating and a national urban development district was established. At the time, new apartments and townhouses were constructed with government subsidies for moderate and low-income families to replace the buildings on Enright Avenue. Surface parking lots were built by University City behind Loop retail buildings to attract shoppers from the metro area to the Loop.

In 1970-90, the majority of Parkview Gardens’ residents were Washington University students, numbering about 1000 and comprising 2.5% of the University City population of 40,087. ¹ In 2014, WU estimated 2,840 (28%) of its students lived in University City with 1,400 students in WU housing and 1,440 students in market-rate housing. ²

Around 2000, WU began acquiring individual apartment and commercial buildings from private owners and real estate holding companies, and holding or renovating them for student apartment-dormitory use. After 2008, a more accelerated program of acquisition began to increase tax-exempt student housing in Parkview Gardens and elsewhere. These acquisitions also included commercial land and buildings between Olive Street, Vernon Kingsland and Eastgate Avenues, (estimated real estate tax loss of \$120,000/year; sales tax loss unknown). Part of this property has now been leased to University City for the new Fire Station and part is used for a Science program sponsored by WU and Monsanto, which sends mobile units to many school districts in the St. Louis Area.

¹ Page 6, The Comprehensive Plan Update 2005 Planning and Development, University City
² Page 3, By the Numbers: Washington University’s Contribution to University City. Prepared by Cheryl Adelstein, Director of Community Relations and Local Government

Before 2010, WU began land and building acquisition along Delmar Boulevard and Enright Avenue at Eastgate Avenue, in both University City and St. Louis, pursuant to demolition of existing buildings and new construction of a dormitory apartment complex for 3rd and 4th year students with a grocery store and diner named “The Lofts at Washington University”. Acquisitions included 70 town houses, a four-story apartment building with 55 or more units on Enright Avenue; a commercial property at 6241 Delmar, both in University City; a residential building and two additional commercial lots on Eastgate Avenue and the corner of Eastgate and Delmar Boulevard in St. Louis. These properties were combined into one plot.

The Phase 1 culmination of that effort in 2014 provides housing for 414 students, which will increase to 600 total after Phase 2 in 2016.³ “Room rates range from \$6285/semester for two-and three bedroom apartments to \$6755 for single efficiency units according to the University’s Office of Residential Life”.⁴ This is about two to three times the market-rate apartment rent in University City. Meal Plans are additional for the dormitories’ residents. Sales tax from the United Provisions grocery store goes to St. Louis and from the Peacock Diner to University City. No public parking is provided on site. *Attached at the end of this report is a Map/Illus. 2 showing the nonprofit properties owned by WU and some owned by the for-profit WU companies Quadrangle and Parallel Properties.*

According to the 2013 St. Louis County Assessor’s Records, WU owns 31% of the properties in the North Parkview Subdivision or 902 units of housing (apartments), that can accommodate 1800-2700 students. Elsewhere in University City, there are about 300 units for 600-900 students. This equals 8%-10% of the population of University City.

Parkview Gardens Neighborhood Sustainable Development Plan

Washington University presented their involvement in the Parkview Gardens Neighborhood Sustainable Development Plan as a contribution of cash and in-kind services to University City in the “By the Numbers” Document. The following is not a design critique but rather an evaluation of that claim as a full benefit to University City or a shared benefit between University City and Washington University.

About 2010, Washington University assembled a committee that contributed to the Parkview Gardens Neighborhood Sustainable Development Plan to guide the future land use and design of the area from the Delmar Metrolink Station on the east to Kingsland Avenue on the west and from Olive Boulevard on the north to Delmar Boulevard on the south. See the Organization Chart from the published plan on below. (*See Map/Illus. 1—Parkview Gardens Sustainable Neighborhood Plan with explanatory notes.*)

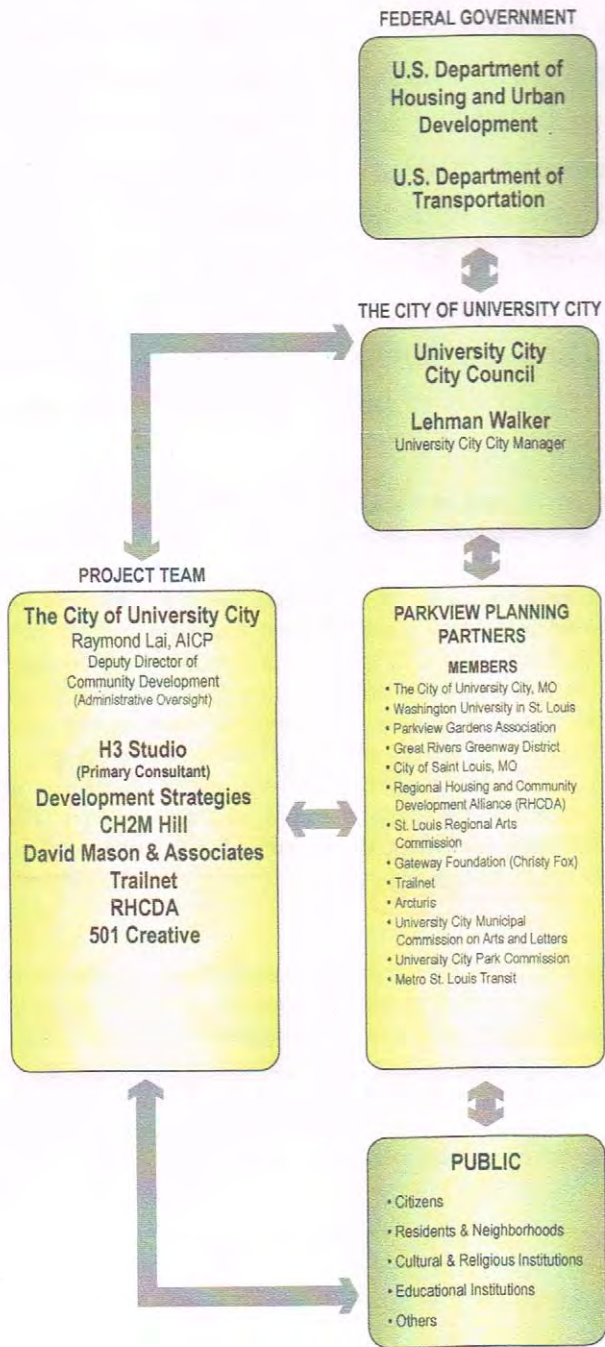
The University City Planning and Development Department organized this study. Washington University, the City of St. Louis, the Federal Department of Transportation or DOT and Housing and Urban Development or HUD provided the primary financial support for the study. The design work was provided by students of Washington University under the direction of H3 Studios, owned by a faculty and committee member, and cost \$600,000 including federal funds secured by University City’s grant writer.⁵

³ “Loop Project Set to Open” St Louis Post Dispatch, 8-8-2014

⁴ Flow Chart for Parkview Gardens Neighborhood Sustainable Development Plan, June 2012.

⁵ parkviewgardensvision.org. Funding Applications

Figure 3.3: Flow Chart of the Planning Process



Other participants in the committee were Joe Edwards, Arcturis, Inc., Development Strategies, Inc., David Mason, Inc. Engineering and Architecture, St. Louis City Community Development, the Skinker DeBaliviere Association and the Parkview Gardens Association, a private non-profit real estate company, which is tax-exempt and has sold several properties to Washington University.⁶ (*See Map/Illus. 1: Parkview Gardens Sustainable Neighborhood Development Plan*)⁷

The Parkview Gardens Neighborhood Sustainable Development Plan doesn't distinguish between tax-exempt areas owned by Washington University and areas of private development, thus expansion of tax-exempt redevelopment is unlimited, which serves the future interests of Washington University. The new Eastgate South Park, shown in between Limit, Eastgate Avenues and Enright and Cabanne Avenues, would require the demolition of seven buildings, some not owned by Washington University, thus requiring dislocation of private owners.⁸

The approved plan shows densities greater than those now, but recommends lower parking ratios than those required by the University City Zoning Ordinance. Current public transportation plus the new Loop Trolley is not sufficient to mitigate parking needs. A public parking garage is shown in place of a current surface parking lot on Eastgate Avenue near Delmar and Skinker Boulevards in St. Louis, though it is remote from the five-story mixed-use office buildings shown in University City and St. Louis. Though new private mixed-use commercial projects would be desirable in University City, insufficient parking would serve only the interests of those within walking distance, but disadvantage those who drive.

Other details of the plan reflect the interests of WU, HUD or the US DOT:

1. Pete's Sure Save Site and North of Olive Street / East of Kingsland Avenue:
In the approved plan online, these areas are shown as "Apartments and Affordable Apartments", but are currently partially owned by Washington University. It is logical to assume that this area may be developed as shown in garden apartment units for students, and could add about 2,000 to 3,000 students or other residents.
2. Two new parks along Eastgate and redevelopment North of Vernon Avenue:
Current single-family housing would be demolished north of Vernon Avenue. Only the apartments on Eastgate Avenue are preserved. Eastgate South Park is for students living in "the Lofts", and the Eastgate North Park on the realigned Vernon Avenue is for new townhouse residents and current residents of University Commons. These parks, with trees and garden plots, would be traded for the current playground and basketball area in Eastgate Park owned by University City. The Parkview Gardens Plan also proposes a major redesign of the Metcalf Park on Kingsland, changing it from an active park to a passive park. The cost of the street and park changes and the responsibility for funding these is not part of the plan.

⁶ Page 2, Parkview Gardens Association, faq's.org, 3-10-2015

⁷ Page 59, Parkview Gardens Neighborhood Sustainable Development Plan, June 2012.

⁸ "Loop Project Set to Open", St Louis Post Dispatch, 8-8-2014

3. Realignment of Vernon Avenue: This change is designed to create an enclave for WU Students by preventing through traffic from Vernon Avenue to Skinker Boulevard, primarily a benefit for Washington University, and future student housing or affordable apartment development.
4. Townhouse development (80 Units) is proposed along Vernon/Cabanne Avenues: New townhouses might be a benefit to UC but with only a single one-car garage per townhouse, these would mostly attract the limited market of single people or families that only need one car. The cost to University City of relocating this road and building over the River Des Peres storm sewer is not known.
5. Pedestrian Walkways connecting to WU Campus : Centennial Greenway is currently owned and maintained by University City. A greenway is shown on the public streets at Westgate and Kingsland, which are public thoroughfares. These three walkways connect student housing development proposed north of Olive to Parkview Gardens and the WU Main Campus. This is a benefit to both University City and Washington University, though with maintenance costs borne by U City.

Assuming that the development strategies of WU continue as practiced, some of the apartment buildings may continue to be owned by their “for-profit” companies Parallel and Quadrangle Properties. However, many would become WU nonprofit properties over time as they are needed for WU Student Housing, meaning that more of the current private property would be converted to tax-exempt, placing added burden on the remaining taxpayers in University City. (*See Map/Illus. 2*)

Washington University has succeeded in stabilizing an at-risk University City neighborhood through the quality renovations of historic apartments and the construction of an attractive modern dormitory apartment complex, plus infrastructure improvements. But the Parkview Gardens Plan appears to serve the agendas and tax-exempt development of Washington University, HUD and DOT, equally or more than University City, risking increased private real estate tax burden in the future. New private development would mitigate some of the Washington University tax-exempt real estate tax loss in the future. Currently, additional cash contributions from Washington University would be most appreciated. Thus, we have valued the cash and in-kind design work contributions for the Parkview Gardens Plan as a 3 way split between Washington University, University City and City of St. Louis as defined in the Summary. WU also owns buildings and land south of Delmar, on Forsyth Blvd. near the Metrolink station and the West Campus Building, as well as some residences and commercial buildings at the corner of Big Bend and Forest Park Expressway.

Trends in the Eastern Part of University City

Some citizens and non-resident property owners made profits from the sale of UC apartment property at inflated prices to WU. Average multifamily property values and sales prices have gone up over 100% in Parkview Gardens over the past ten years primarily due to sales to Washington University, vs. about 70% in the metro area as documented in the Saint Louis County Assessors records. A look at new property owners suggests that some developers continue to buy property in hopes of making large profits.

Property values for owners outside this area in University City have regained the value lost in the recession of 2008-09, but not enough to provide additional real estate tax revenue up to historic levels. (*See Illus/Map 3 for University City Revenues from 2006 to 2016*) Further complicating the picture is the fact that a number of properties in the area were under the LiHTC program, which lowered assessments and property taxes and provided subsidized housing. Private apartment owner's sales are likely to continue to be slow as owners wait to sell to Washington University rather than improve for the private rental market.

Property Taxes Calculated Using Property Tax Assessment Information

The analysis of the WU tax-exempt real estate tax losses to University City prepared by Subcommittee 1 was based on property sales prices and adjusted assessments, and is estimated at \$1,857,000 per year currently. The collected taxes are distributed each year by the St. Louis County Assessor's office as follows: 8.7% to the City of University City, 58.8% to U City Schools, 3.1% to the U City Library. Other beneficiaries of real estate taxes are the Special School District at 14.3% and other taxing entities at 15.1%.⁹

Sales Tax and Fees Lost due to Nonprofit Properties

New sales tax revenue from the new Peacock Diner in The Lofts at Washington University partly offsets the loss of sales tax from the retailers that relocated, but it may be a while before it normalizes. The variation in sales tax revenue between 2006 and 2016 indicates an unstable retail market in University City. (*See Illus/Map3*)

Washington University provides a number of useful programs to the School District. (*Illustration / Map 4 shows the Tangible Benefits provided to University City and its institutions*) These are intangible benefits that don't reduce the number of teachers needed, nor compensate for the lost real estate tax revenue, which must be offset by higher taxes on private real estate. (*See Map/Illus 7: Matrix of Intangible Benefits and Negatives*)

The Effect on University City Library

The University City Library is a major amenity. The University City Library recently lost roughly \$62,000/year due to real estate taxes lost on nonprofit WU properties. (See the Subcommittee 1 Report.) The library has lost approximately \$160,000 revenue over the last 10-13 years.

WU and its students contribute useful in-kind services to the library and run several programs that are beneficial to residents. But like the school district contributions, these also benefit the students who are in many cases working on course credit and use University City as a research laboratory. (*See Map/Illus 4: Matrix of Tangible Benefits*).

Consequences of Real Estate Tax Losses in University City due to the Nonprofit Status of Properties purchased by Washington University over the last 13 years.

⁹ Information obtained from the Department of Revenue, University City. Percentages may vary slightly from year to year.

Washington University has made many improvements to the apartments in Parkview Gardens and other areas. Many of the improvements to infrastructure made by WU would be shared or used minimally by the average University City resident. WU designed and constructed the South Loop Walk, lighting and a call-box security system. WU also replaced sidewalks around “The Lofts”. However, both mainly provide for the safety and convenience of the students who live there. (*See Illustration/ Map 4: Matrix of Tangible Benefits*) The Committee allocated such past improvements as 50/50 shared value to University City and Washington University.

Meanwhile, the real estate property taxes of the remaining privately owned buildings studied in University City have been rising over a six-year period up 18% in Parkview Gardens. Commercial and residential private property owners elsewhere saw their real estate taxes go up 30-75%. University City has one of the highest property tax rates, exceeding Clayton and Brentwood.

Other consequences of the WU Nonprofit Student Housing and Land

University City has lost a large number of private multi-family apartment residences, which were occupied by families, local students and the elderly. Delmar Harvard School has closed leaving a large part of University City without an elementary school within walking distance of their residence, dramatically changing the eastern part of University City. In this area, most families now send their children to private or parochial schools. The Special School District, which serves handicapped and special-needs children has lost about \$120,000 in revenue/year and \$728,000 over the past 10-13 years. The following chart shows the intangible benefits and negatives. (*Map/Illus. 7 shows the Matrix of Intangible Benefits and Negative of WU Property in University City*)

University City Budget/ U City Revenues

To understand the impact on University City’s budget from the growing amount of tax-exempt real estate, it is necessary to have an idea of the income sources within the budget in the past and present. The following are listed in University City Annual Reports from 2006: (*See the Budgets provided in U City Annual Reports 2006-2016 in Illus/Map 3.*) (*See Map/Illustration 5: University City General Fund Budget Summary for 2012-2014*)

The budget provided by the Financial Officer of University City is as follows:

2014 Amended Revenues:	\$26,614,586
2014 Amended Budget:	\$29,997,971
2014 Property Taxes:	\$3,406,000

Real estate property tax revenues declined by \$100,000 in the years 2012-14, indicating apartments were converting to tax-exempt status faster than the adjacent property values were rising. This chart does not reveal that the taxes for some property owners in University City have increased an average of 40% in the last 5-8 years, while the number of tax delinquent and foreclosed properties has risen in some areas. This analysis indicates that roughly 12% of the U City budget comes from real estate taxes.

What additional assistance could University City request to benefit our taxpayers?

The following suggestions should be evaluated in a coordinated way to achieve budget independence for the City Of University City, tax relief for citizens and business owners and avoid further reliance on bond issues that increase property taxes.

- **PILOT Program**

The most common remedy for loss of real estate tax revenue due to large tax-exempt nonprofit institutions like Washington University is generally known as a PILOT program or Payments in Lieu of Taxes. Washington University could contribute to the yearly budget in University City rather than to projects that it selects. This would seem more equitable than the picking and choosing of projects, services and improvements that benefit WU student residents. *(See the Report compiled by the Subcommittee 5 on Payments in Lieu of Taxes)*

- **Negotiated Service Fee**

Request that Washington University contribute to University City based on a per apartment unit per year fee and adjusted in the future as a form of PILOT. In the next 10 years from 2014-2023, University City could lose \$1,857,000 x 10 years + assessment increases = \$22-24,000,000 in real estate taxes on the properties already owned by WU, not including an estimated doubling of apartment units possible in the proposed Parkview Gardens Sustainable Development Plan. The University City Budget is projected to forgo about \$2,640,000 to \$2,880,000 in revenue as properties are purchased by WU. In the Delmar Loop, property owners are being assessed about \$4200 in real estate taxes for a six-family building or \$700 per unit.

- **School District Assistance**

Washington University could direct more discretionary funds to the University City School District to create education opportunities for elementary, middle school and high school students. Other universities have established lab schools or charter schools to provide the local population with progressive education opportunities.

- **Technology and Business Assistance**

Create more opportunities for employment of middle and lower income people who reside in University City. This could include a Hi Tech incubator and or medical research facility on Olive Boulevard instead of more student housing replacing Commercial-Industrial uses along Olive Boulevard.

- **Road Repaving Assistance**

Current shuttle buses run between the Main Campus and North Campus parking lots and from the old Christian Brothers School in Clayton. The traffic congestion caused by the WU Main and North Campus workers trying to reach their jobs is significant in University City. A comprehensive road and street improvement plan should be designed from which appropriate contributions could be requested from Washington University if a PILOT plan is not instituted. WU could contribute to the appropriate jurisdictions for widening and other measures to improve pedestrian and cycling safety along these routes.

What Planning Efforts could University City and/or Washington University undertake to mitigate private property reduction and real estate tax loss?

- **Zoning Ordinance Enforcement**
 With enforcement of existing or new restrictions in the zoning ordinances regarding issues like boundaries for nonprofit development, density and parking ratios, this trend could be mitigated in favor of private taxable development. By comparison, the Planning and Development department of the City of Webster Groves recommended, and their City Council approved, limiting the acquisition and development of buildings in residential neighborhoods by Webster University, Eden Seminary and Nerinx Hall by new Educational Campus Districts with development boundaries as prescribed in their zoning ordinances.
- Though not a zoning issue, the City of Clayton declined a proposal by its School Board to swap CBC High School, now owned by Washington U, for Clayton's Wydown Middle School on Wydown Boulevard for the purpose of student housing due of the proximity of Wydown Middle School to its residential neighborhood. University City should enforce zoning requirements that provide sufficient parking for private residents and Loop patrons and limit parking for WU students in Parkview Gardens and the Loop and could establish similar WU development boundaries.
- **Student Housing Planning**
 Future student housing, like "The Lofts", could be planned for other municipalities such as the Skinker Corridor in St. Louis. This would concentrate high densities on Skinker, an arterial road closer to the WU Main Campus for walking and bus transportation. Police, fire protection and trash collection would be the responsibility of the City of St. Louis, thus lessening the burden on University City's budget.
- **Loop Trolley Traffic Mitigation**
 The City Council and staff should coordinate with Loop Trolley Development to mitigate traffic problems generated by trolley construction in the Loop. While it is under construction and when operational in 2016, the Loop Trolley will slow traffic on Delmar Boulevard, reduce street parking and limit access to the Loop area by University City residents who drive to the Loop to utilize its services. It will create congestion on other surrounding roads as Vernon Avenue and Olive Boulevard become equal east-west arterials along with Delmar Boulevard between Kingsland Avenue and Skinker Boulevard. This may be a major inconvenience to UC citizens.

Our efforts are directed to spreading more of the benefits of this large and prestigious University to a greater number of citizens of our city. University City provides a safe, convenient and vibrant community as a neighbor to Washington University. And reciprocally, Washington University is a stable neighbor with an impact on University City in terms of both tangible and intangible benefits.

Delmar Metrolink Station



Map/Illus 1
Parkview Gardens Master Plan
Approved by University City Council in 2014

Prepared by Washington University Students
under the direction of H3 Landscape
Architects



The Neighborhood Sustainable Development Plan (fold-out)

Cunningham Industrial Park
2015: 2000 apartment units owned by WU in UCity (about 300 Buildings)

City of University City

CITY OF ST. LOUIS

Lewis Center Student

Kingsland

Library

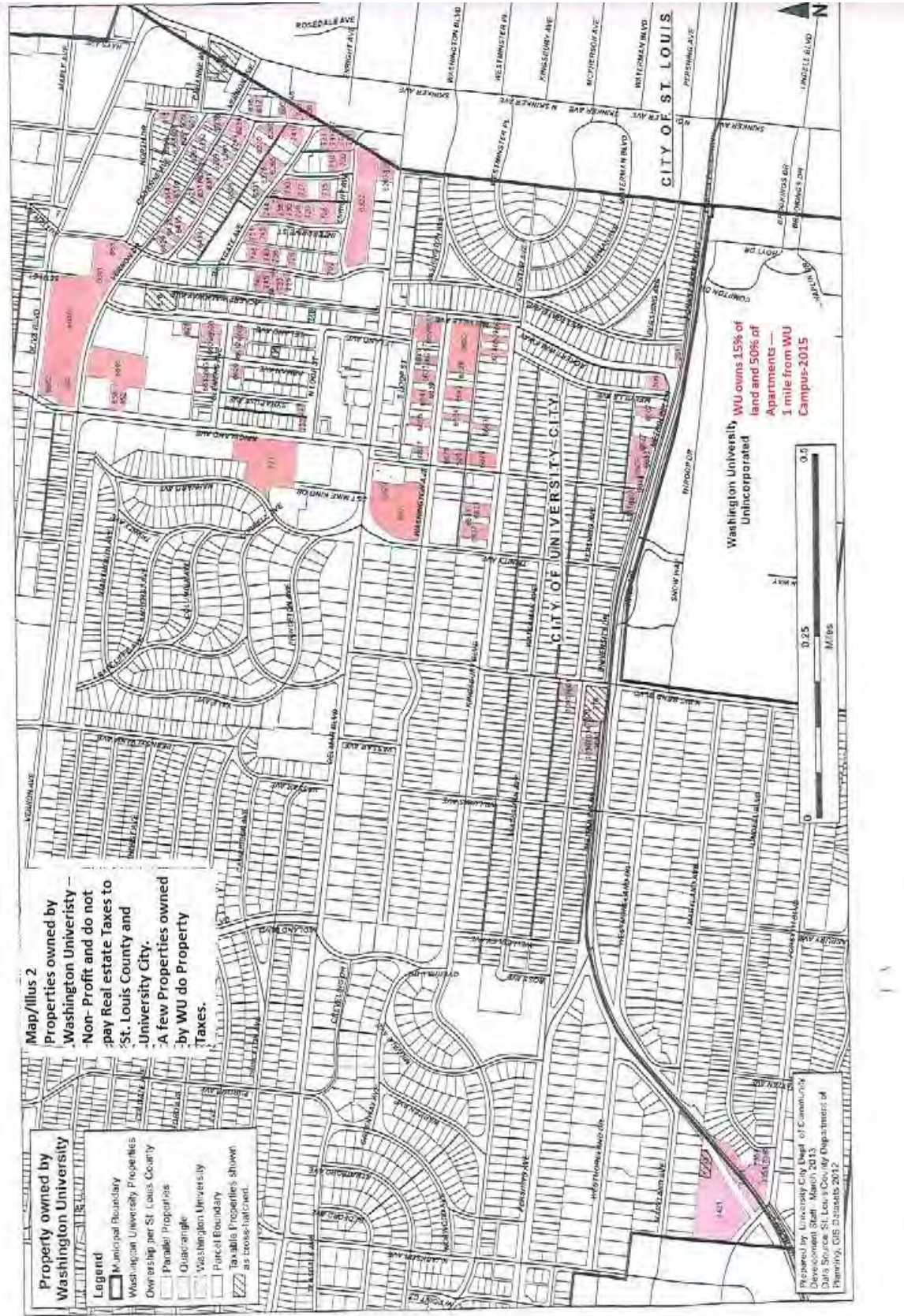


Illustration 3 • Comparison of Revenue Sources to University City Government from 2006 to 2016

U City Revenues	2006 Actual	2008 Actual	2010 Actual	2012 Actual	2014 Amended	2016 Projected
Property Taxes	\$5,247,354	\$ 5,633,005	\$ 5,871,202	\$3,501,520	\$ 3,405,558	\$ 4,995,300
Sales & Use Tax	\$9,293,349	\$10,161,956	\$ 9,094,347	\$8,940,028	\$ 9,024,272	\$10,285,000
Intergovernmental	\$ 300,393			\$2,056,471	\$ 2,066,191	\$ 2,113,000
Licenses	\$ 989,563	\$ 749,999	\$ 679,202	\$627,198	\$ 664,782	\$ 1,315,400
Gross Receipts Tax	\$5,132,579	\$ 8,037,848	\$ 7,042,617	\$6,533,433	\$ 6,748,872	\$ 6,805,000
Inspect. Fees Permits	(Incl Above)			\$716,970	\$ 739,166	\$ 1,010,000
Service Charges	“			\$1,164,933	\$ 980,377	\$ 4,252,000
Park & Rec Fees	“			\$1,636,095	\$ 1,640,071	\$ 1,575,000
Muni Court • Parking	“			\$1,275,829	\$ 1,143,300	\$ 1,068,700
Interest	\$ 16,537	\$ 444,713	\$ 181,691	\$102,179	\$101,788	\$ 54,800
Miscellaneous	\$ 846,982	\$ 517,414	\$ 438,074	\$163,023	\$ 99,609	\$ 396,000
Special Assessment			\$ 126,353			
Totals	\$22,600,000	\$25,844,730	\$23,721,636	\$26,718,250	\$26,614,586	\$33,870,200

(See Map/Illustration 5: University City General Fund Budget Summary for 2012-2014)

The budget provided by the Financial Officer of University City is as follows:

2014 Amended Revenues:	\$26,614,586
2014 Amended Budget/ Expenditures:	\$29,997,971
2014 Property Taxes:	\$3,406,000
Decline in Property Taxes between 2006 and 2014	\$1,841,796
Estimated Loss in Real Estate Property Tax Revenue to University City government between 2006 and 2014	\$4,159,386

Map/Illustration 4 • Chart of Tangible Benefits

Benefit Description Red = Yearly Black = One time Contribution Purple = WU only Benefits - One time	Revenue Benefit to University City	Shared Benefit 1/2 WU & 1/2 U City	Benefits UC, WU, & Saint Louis City	Benefits only Washington University	WU Claimed Contribution: "By the Numbers"	Remarks
Public Improvements						
Revenue- Parking Meters Installed (Forsyth at Lindell)	\$24,000				\$3,000,000	Revenue from 7 double meters -- 14 cars. (C # 2)
Land Fire Station + Ambulance Service (2007)		\$54,500				UC 75 yr lease. Fire Station Cost=\$3M. \$59,000 Tx Loss
Security Cameras-Ackert and Greenway South		\$169,000				Installed 2 yrs. ago in Loop Business District.
Tree Lawn Installation on Enright		\$20,000				UC information Needed
Education						
Middle School: Mentoring W Brown Sch. Social Work -- Student Training.		\$20,000			\$100,000	25 yr. partnership. Not independently verified.
Middle School: Cultural Enrichment Activities		\$20,000				WU Source: 200,000 Hrs. Student Training.
U City Schools: WU Sci Lab. (Travelling)			\$20,000			Building + 2 trailers.
U City Schools: High School Programs		\$20,000				UC School District did not provide specifics.
Elementary School Tutoring		\$20,000				Volunteers /Staff supervision required
WU Housing Program for Employees 27 Single Family Home Loan Support for WU Employees		\$109,000			\$109,000	1/2 Person administer program.
Library Programs : "More net" Participation		\$31,111				Helps property taxes in U City. Stabilizes home values.
Reference Help Desk (WBSS)		\$13,000			\$25,000	Equivalent of 2-- 1/2 time employees (\$26,000/Yr.) (10 Yr. Inv)
Library: 1 st Year Read Program		\$300				Some book donations
Community Investments						
U City Sculpture Series		\$25,000				Over Several Years
Parkview Gardens Plan: Southgate Park Plan (Estimate)		\$20,000				Not Independently verified. Student course work.
Parkview Gardens Plan: Metcalf Park Plan (Estimate)		\$20,000				In-kind Contribution. Designed by WU Prof.
Centennial Greenway South Land Acquisition				\$3,600,000	\$3,600,000	Designed by WU Professor.
Eastgate & Ackert Walkway Connection				\$10,000		WU states \$3.6M over 2004-2014.
Real Estate : Building Renovations				\$53,000,000		No Property Tax Paid on Buildings or Renov.
Financial support for Trolley		\$100,000			\$36,200,000	Most of trolley in STL.
Real Estate: 2/3 of The Lofts-3rd & 4th Yr. dorms.					\$46,000,000	2010-2014-WU. Statistic. Permit lists \$80M Cost.
TIGER IV Grant for Streets associated with Lofts					\$25,000,000	Part of Community Inv. of \$3M 2004-14.
Safety and Security						
Parkview Gardens Task Force			\$150,000			\$25,000 Cash \$75,000 in Kind \$.
Signalized Intersection Olive at Skinker			\$1,000,000			Investment \$ provided by WU. For N. Campus.
Police Department (Per Year)	\$90,000				\$452,000	1-1/2 Police Off. (12 Yr)
WU Security Patrols of WU Properties				\$36,200		2 Tier Law Enforcement
Patrol of Greenway South (nightly)				\$87,000		WU states 1900 Hrs / yr
Blue Light Phone Installation				\$2,200,000	\$2,200,000	Primarily Student Safety.
U City Businesses						
U City Day Care Center Building+Land			\$1,000,000			<u>Benefits Non Profit</u>
Financial support: High Speed Connectivity		\$5,000				Part of Library Program. Helps Loop Businesses
Delmar Loop Retail Plan--Web Site				\$66,000	\$267,000	2010-2014. No Verified.
Total Investment made by WU	\$114,000	\$623,911	\$2,170,000	\$10,261,000		
Investments Benefiting WU only		\$311,956	\$723,333	\$10,261,000	\$114,953,000	\$136,372,289
Total Investment to University City	\$114,000	\$311,956	\$723,333	-		\$1,161,289

Map/Illustration 5
City of University City Budget 2012, 2013, 2014 • Revenues and Expenditures



Approved Gen Fund

(II) General Fund Budget Summary

Revenues	FY 2012 Actual	FY 2013 Actual	FY 2014 Original	FY 2014 Amended	FY 2014 Estimated	FY 2015 Budget	% over FY 2014 Amended
Property Taxes	3,501,520	3,417,334	3,605,558	3,405,558	3,405,600	3,453,000	1%
Sales & Use Tax	8,940,028	9,086,507	8,924,272	9,024,272	9,024,700	9,198,000	2%
Intergovernmental	2,056,471	1,992,462	2,066,191	2,066,191	2,066,200	2,037,000	-1%
Licenses	627,189	678,945	614,782	664,782	664,900	678,000	2%
Gross Receipts Tax	6,533,433	6,736,548	6,748,872	6,748,872	6,749,000	6,722,000	0%
Inspection Fees and Permits	716,970	1,004,472	689,166	739,166	739,000	771,000	4%
Service Charges	1,164,933	957,395	980,377	980,377	979,800	970,000	-1%
Parks & Recreation Fees	1,636,095	1,615,211	1,640,671	1,640,671	1,639,700	1,640,000	0%
Municipal Court and Parking	1,275,829	1,021,516	1,143,300	1,143,300	1,143,100	1,042,000	-9%
Interest	102,759	36,145	101,788	101,788	103,000	75,000	-26%
Miscellaneous Revenue	163,023	93,840	99,609	99,609	100,000	78,000	-22%
Total Revenue	26,718,250	26,640,375	26,614,586	26,614,586	26,615,000	26,664,000	0%

Expenditures	FY 2012 Actual	FY 2013 Actual	FY 2014 Original	FY 2014 Amended	FY 2014 Estimated	FY 2015 Budget	% over FY 2014 Amended
Legislative	199,786	191,977	213,830	213,830	210,800	225,400	5%
City Manager's Office	616,713	515,195	722,300	722,300	685,300	685,700	-5%
Human Resources	125,923	113,837	139,600	139,600	136,000	140,200	0%
Information Technology	581,937	801,246	889,000	889,000	862,000	625,400	-30%
Finance	703,071	713,502	818,600	818,600	801,100	849,700	4%
Municipal Court	313,511	307,398	340,400	340,400	331,900	343,600	1%
Police	7,336,739	7,735,325	7,998,000	7,998,000	7,706,200	8,128,800	2%
Fire	4,057,523	4,150,003	4,638,630	4,638,630	4,631,800	4,477,600	-3%
Community Development	3,291,735	3,864,785	3,986,305	3,986,305	3,910,550	4,063,000	2%
Public Works	4,635,334	4,457,994	4,623,025	4,645,025	4,332,725	4,725,600	2%
Debt Service	1,710,109	889,360	1,028,344	1,028,344	1,040,300	1,039,000	1%
Capital Improvement/Outlay	1,214,545	2,076,198	1,059,352	5,488,846	5,349,296	1,300,000	-76%
Total	24,786,926	25,816,820	26,457,386	30,908,880	29,997,971	26,604,000	-14%

Illustration 6 • A Comparison of Facts about University City

A few facts about University City and its population gathered from City Data.com, Zillow and the University City Web Site are summarized as follows:

- Median household income in 2012: \$53,000.
- Total population: 35,150 down 5.9% since 2000.
- Population: 50.9% white, 38.4% African American, other races 10%
- The mean price for all housing units: \$240,000.
- The Median price for all homes sold in 2014: \$266,635 – As per Zillow
- Foreclosures in University City: according to Zillow
The majority of foreclosures in UC are in the area north of Olive Boulevard.
The percent of UC homeowners who are delinquent on mortgage payments: 3.9%
The percent of UC homeowners underwater in their mortgages in 2007-11: 21.8%
- The Mean Price for UC apartment buildings with 5 or more units: \$732,000.
- The Median Rent in UC in 2014: \$925 – according to Zillow
- University City unemployment rate in 2012: 9.5 %.
- UC property values: The highest property values are concentrated south of Olive and clustered in the areas closest to the Delmar Loop, and on both sides of Delmar Boulevard westward. The lowest property values are located in the area around Olive Boulevard and north to the City Limits.
- Washington University has 14,100 students and 13,000 employees.
- University City High: 1,112 students in 9-12. Junior High: 571 in 6-8 and
- Elementary Schools: 1,938 in 1-6. Enrollment has dropped over the years.

Map/Illustration 7 • Chart of Intangible Benefits & Negatives: Washington University/University City

Benefit Description	Benefit to University City Only	Benefits 1/2 WU and 1/2 to University City	Benefits shared: WU, U City, City of St. Louis and Region	Benefit to WU Only	Remarks
Positive Benefit					
1. Image of City is Improved for Entertainment and Youth Oriented Businesses		Unknown			Market Survey needed to evaluate. In the last 10 years, Sales Tax Revenue has gone up very little.
2. Buildings are Improved-Assessed Values increase in Loop		Unknown			Assessed Value of Not for Profit Properties in Loop is not updated by St. Louis County Assessor's Office.
3. Private Investment in Loop Business District		Unknown			Fast Food and "mom and pop" stores. Survey needed.
4. Private Market Apartment Rents have increased in the Parkview Gardens Area. More Property Taxes to U City.		Approx. \$200 /Mo / Unit			Rentals are up about 10%. Data from Zillow and Data.com. Market Survey Needed. Between 2012 and 2014 Property tax revenue has gone down in U City.
5. Delmar Metrolink Station may be safer due to increased student use.			Unknown		Students use mass transit for airport and shopping. Study of Crime in City of St. Louis and University City is needed.
6. Property Values are stabilized in PG Area and surrounding Neighborhoods in U City and City of St. Louis			Unknown		Property values in the Parkview Gardens Area have increased slightly. PG has attracted some new private residential real estate investment.
7. Two new Businesses -- United Provisions and the Peacock Diner in the Lofts at WU. Other businesses closed.			Unknown		Estimated Interior Renovation--\$500,000 of Peacock Diner. United Provisions is in the City of St. Louis.
8. City of St. Louis has invested in Delmar City Bus. District east of Skinker on Delmar	Sales Tax Revenue		Unknown		Skinker-Debaliver Area has improved -- Development partly due to Trolley and some investment by City of St. Louis. Study is needed.
Total	Unknown	Unknown	Unknown	Unknown	
Negative Effects					
1. Image of City is negatively impacted for families & non student population	Unknown				Market Survey needed to Evaluate.
2. Student dominated area discourages other age groups	Unknown				Parallel Properties may rent to non WU Students.
3. U City has transient renters	\$735,000/yr				Drop in business is partly offset by tourists.
4. Traffic has increased.	\$5,000,000				Repave Enright , Delmar, & Eastgate - Westgate. (1/4 of UC paving bond issue)
5. WU properties have institutional appearance	Unknown				Discourages other property investors and developers. Current property owners may be holding Property for sale to WU.
6. Property Taxes paid by Private Property Owners have increased	About .05%/yr				Assessments every 2 years, 10 year increase =75%
7. Increased student population - increased parking demand.(No Off-street parking for the Deli or Grocery)	\$2,500,000				Provide parking garage for 300 parking spaces needed for Dorms & Commercial. \$22-30/SF. Trolley Impact.
9. Increased parking patrols will be needed	\$90,000				2 People
10. Lost Sales Taxes in U City 2013-2014	\$311,175				City Budget Number. Upscale businesses leaving Loop Business District
11. Funds lost to U City Schools-- 2013-2014	\$1,260,272				Estimated by Committee #1 (1 Year)
12. Funds lost to U City library	\$62,942				Estimated by Committee #1 (1 Year)
13. Funds lost to City Budget	\$179,461				Part is due to WU nonprofit status. (1 Year)
14. Buildings Demolished for WU Housing. Estimated Property Tax Loss.	\$238,000				40 Buildings. 3 commercial; 37 Residential.
Total Negative Effect	\$10,376,850				

Subcommittee 4 Report

David Whiteman • Kristin Sobotka

Comparable Municipal / Institutional Relationships

Subcommittee Charge

“How does University City taxing entities’ relationship with Washington University compare with relationships between other cities with comparable universities who have large tax exempt property holdings such as Brown University, Northwestern University, Rutgers University, Yale University, etc.?”

Our Focus

Our focus has been to examine and summarize the variety of economic relationships between other municipalities and universities to serve as a guide for the Council’s future planning.

Sources in Information

Our primary source was *Payments in Lieu of Taxes, Balancing Municipal and Nonprofit Interests*, Daphne A. Kenyon and Adam H. Langley, Lincoln Institute of Land Policy, Policy Focus Report / CodePF028, 2010, with supplementary information gained through discussions and correspondence with officials of Evanston, IL, Providence, RI, and New Brunswick, NJ.

Types of Economic Relationships between Municipalities and Universities:

1. PILOTs, or Payments in Lieu of Taxes
2. Cost sharing for Municipal infrastructure projects that benefit the university
3. Transfer of real property
4. Other offsetting costs
5. “Going forward” strategies

1. PILOTs, or Payment in Lieu of Taxes

The Lincoln Institute’s report states that “...16 of the top private research universities in the United States made PILOTs to the municipalities in which they are located.”

And, although University City benefits from Washington University’s presence and participation in the community, no PILOT agreement exists between the City and the University.

PILOTs, or Payments in lieu of taxes are typically voluntary payments made by a tax-exempt entity as a substitute for property taxes. Payments typically range from about one percent of the revenue that the municipality would have received if the properties had been taxable, and average but rarely exceed more than five or six percent of the taxable amount. Additionally, in only some situations do PILOT revenues exceed more than one percent of a municipality’s total budget amount.

Formalized PILOT agreements are typically for a specified period of time and specify the annual amount that the nonprofit entity will voluntarily pay to the municipality. Some payment schedules are for a constant amount each year, however we are aware of PILOTs with either decreasing or escalating annual payments.

Most PILOTs are between a single nonprofit entity and the municipality; however both Boston, MA and Providence, RI are examples of multi-party PILOTs whereby those municipalities have established collective agreements with a number of universities.

Additionally, we are aware that some public, as well as private, universities make voluntary payments to the municipalities in which they are located. The State of New Jersey, for example, makes annual payments to the City of New Brunswick to offset some of Rutgers cost to the City.

2. Cost sharing for Municipal Infrastructure Projects that Benefit both Parties.

In addition to paying a voluntary PILOT to the City of Evanston, IL, Northwestern University regularly contributes half the cost of public infrastructure projects that are adjacent to and benefit the university. This type of cost sharing may or may not be required of for-profit entities for comparable projects.

An example of this kind of cooperation between Washington University and University City is Washington University's funding of the reconfiguration of the signalized intersection of Olive Blvd. and Skinker Avenue.

3. Transfer of Real Property

We are aware of situations where a municipality has benefited by its transfer of public property to a nonprofit entity and where the nonprofit has transferred property to the municipality.

For example, in lieu of simply vacating streets adjacent to Brown University, the City of Providence, RI conveyed that land to the university in exchange for significant annual payments over an eleven-year period and a revenue sharing agreement for what had previously been public parking – benefiting both parties.

University City benefited from Washington University's in-kind donation of the property for the new Engine House #1.

4. Other Offsetting Economic Benefits

Most all municipalities recognize that local universities provide significant economic benefit to their communities. Benefits include the large employment base provided by the university, dollars spent in the community by employees and students, the attraction of ancillary businesses to serve the university and its population, and a variety of in-kind and financial contributions made by the university.

These benefits are often difficult to measure and compare across institutions, but these factors should be taken into account when determining a universities financial impact on the municipality.

5. “Going Forward” Strategies

Some Municipalities are beginning to initiate measures to address future losses of revenues as universities continue to acquire taxable properties.

Project Specific PILOTS

“When a nonprofit expands real estate holdings, particularly when it acquires previously taxable property and applies for tax exemption or when it begins new construction, the Boston city government initiates a conversation with the objective of reaching a PILOT agreement between the city and the nonprofit. Factors that affect the payment include the size and usage of the project. Agreements extend between 10 and 30 years and negotiated payments are subject to an annual escalation clause. Community service benefits provided by nonprofits are taken into account and can offset up to 25% of the negotiated cash PILOT.”

Zoning Regulations

The zoning code of Webster Groves, MO has traditionally allowed colleges, universities and private schools to develop in residential districts, primarily through the use of a conditional use permitting process. In an attempt to more carefully consider the impact of such institutional development on the surrounding neighborhoods, as well as their effect of the long-range general welfare of the City as a whole; Webster Groves has passed changes to its zoning code by creating Educational Campus Districts.

A direct impact of this proposed code as adopted is that universities can no longer acquire properties outside the educational campus district for use as educational facilities; thus limiting the number of properties that might otherwise become tax exempt.

Exhibits / References

Payments in Lieu of Taxes, Balancing Municipal and Nonprofit Interests, Daphne A. Kenyon and Adam H. Langley, Lincoln Institute of Land Policy, Policy Focus Report / CodePF028, 2010

Email from Glenn Patterson, City of New Brunswick, NJ, August, 25, 2014

Memorandum of Agreement with respect to Voluntary Payments to be paid to the City of Providence, Rhode Inland by Brown University, Rhode Island School of Design, Providence College, and Johnson & Wales University, Dated as of June 5, 2003

Memorandum of Agreement with by and between the City of Providence and Brown University

Letter from Ashley Porta, Budget Manager, City of Evanston, IL, October 16, 2014

Ordinance #8851 #8852, City of Webster Groves, MO

Comparison of Comparable University PILOTs and Civic Contributions

All research and analysis for this section: Gary Nelling • Christine Albinson

Purpose

“Payments in Lieu of Taxes – Balancing Municipal and Nonprofit Interests” by the Lincoln Institute of Land Policy states that:

“The basis for deciding upon an appropriate PILOT amount varies across municipalities. Some ask tax-exempt institutions to pay a specific proportion of the property taxes the institution would owe if taxable. Others base the PILOT on some measure of the size of the nonprofit’s property, such as square footage, or the size of its economic activity, such as number of employees or dormitory beds. The costs of the basic services provided to nonprofit institutions is also used as a guide,”

To measure the cash contributions of Washington University to University City against the PILOT programs and cash contributions of other universities and their cities, primarily the dollars contributed in each case as a percentage of the lost nonprofit university exempt real estate tax revenues were compared. However, other valid metrics such as PILOTs as a percentage of city budgets, on a per-student and a per-acre of university land basis were compared as well.

Nationwide PILOT cash contributions average about 5-6 % of lost university tax-exempt real estate tax revenues and average about 1% of total city budgets. However, both vary considerably higher and lower in many instances. For example, in 2009 Northeastern U only made a 0.08% PILOT against its nonprofit real estate tax loss in Boston, whereas Boston University made an 8.53% PILOT, Berklee College of Music made an 8.24% PILOT and Massachusetts College of Pharmacy made a 7.87% PILOT to Boston.

Likewise, PILOTs measured against total host city tax revenue vary. To find where Washington University and University City fit into the range of PILOTs and other cash contributions, we looked at Boston University as a large university in a large city, Yale as a medium-sized university in a medium-sized city, and Harvard as a medium-sized university in a large city, and compared them to Washington University, a medium-sized university in a large city, with portions in University City, a small city. All the metrics regarding Washington University apply only to the exempt real estate tax revenue loss, the city budget, students and acreage in University City and none of their other campuses, housing areas or facilities since Washington University’s PILOTs or cash contributions to their other host cities were not relevant to their impact on University City taxing entities.

For instance, Washington University makes a PILOT to Clayton for fire department services at the Main Campus and WU Clayton properties, but we did not count this PILOT nor WU metrics such as students living on the main campus or in Clayton since they do not affect University City taxing entities as per our mandate.

In all the university and city relationships to which Washington University and University City are compared, those university PILOTs and cash contributions are correlated with the lost exempt real estate tax revenue, percentage of city budgets, per acre and per student metrics ONLY of the cities receiving the PILOTs and contributions.

Boston University has virtually all its academic buildings and the majority of its student housing in the City of Boston, with a small amount of student housing in Cambridge as well as some BU study centers abroad. With no student population breakdown by city, we treated all students as if they lived and attended school in Boston which lowered the PILOT per student ratio and thus was fairer to Washington University. There was no indication that BU made a PILOT with any city other than the City of Boston.

Yale is located in three cities: New Haven at 932 acres, West Haven and West Orange CT for a total of 1,125 acres. Without statistics of student population by city, Yale's students were treated as if they went to school and lived in New Haven. Again, this favored Washington University by reducing the PILOT per student comparison. There were several sources quoting Yale's PILOT and cash contributions to New Haven and none that sited Yale contributions to its other cities.

Harvard's PILOTs to Boston in previous years were in the 5-6.4% range of Boston's lost exempt real estate tax revenue, similar to Washington University's to University City now. Since the amounts of Harvard's lost exempt real estate tax revenue in Cambridge and Watertown were not found, Harvard's PILOT to Boston is the only one where we could calculate the PILOT as a percentage of lost exempt real estate tax revenue.

Harvard is more evenly divided in terms of academic, medical and athletic buildings as well as student population over the two of the three cities where the university resides. However, since their PILOTs paid to each city are known, it was appropriate to sum them and use their sum to calculate their PILOT per total three-city budget, per student and per acre in the three cities combined. In general, the percentages of PILOT and cash contributions per university are more meaningful than the gross PILOT and cash contributions amounts, since University City is a smaller city than the other cities compared. Percentages derived from the other universities were applied to Washington University metrics in University City to calculate proportional PILOTs or contributions.

The best and most consistent year for data was 2014. Equal information was not available in all years. It was useful, however, to include other years where they were available, because they show the progression of increased contributions and percentages proportionately. The Boston University, Yale and Harvard charts contain PILOTs and cash contributions from multiple years including 2014 in order to paint a good comparative picture of the investments of major prestigious universities over time in their respective cities. Please refer also the IBA Heidelberg section at the end of this report for additional information comparing tangible civic investment by Heidelberg University, Yale University and Washington University.

Washington University • Boston University • Yale University • Harvard University • PILOT and Contribution Comparisons

Washington University

Established	February 22, 1853	
Type	Private	
Endowment	US \$6.7 billion • 2014	
Website	wustl.edu	
Academic staff	3,395	
Administrative staff	9,605	
Total Staff	13,000	
Undergraduates	7,303	
Postgraduates	6,814	
Total Students	14,117	
Students in U City	1,400 students in WU off-campus housing	
	1,440 students in private off-campus housing	
Location	St. Louis, County, St. Louis, University City, Clayton MO	
Campuses	Danforth Campus • Main	169 acres St Louis Cty
	Medical Campus	164 acres St Louis
	North Campus STL	13 acres St Louis
	Total Campus acres	346 acres
	WU UC off-campus non-profit acres	150 acres U City
	Total Acres	496 acres
U City Govt Budget	\$26.6 million • 2014 and \$33.8 million • 2016	
U City Total		
Budget	\$70 million • 2014	
U City Population	35,150 • 2013	
U City Area	5.9 square miles = 3,776 acres	
WU U City Acres	150 acres = 4% of total U City acres	
WU UC Property	1.2 million square feet of buildings	
WU Cash	\$114,000 cash =	
Contributions to		
University City	6.1% of UC WU nonprofit real estate tax rev. loss if taxable	
2014	0.16% of total U City Taxing Entities revenue/year	
	\$760/WU nonprofit acre in U City	
	\$114,000 / 1,400 students in WU U City housing = \$81/student	

Boston University

Established 1839
 Type Private
Endowment US \$ 1.54 billion • 2014
 Website bu.edu

Academic staff 3,873
 Administrative staff 9,974 including faculty
Total Staff 13,847

Undergraduates 15,834 • 2014
 Postgraduates 14,175 • 2014
Students 30,009 • 2014

Location Boston, Massachusetts, USA
 Campus - Urban 135 acres • Fenway-Charles River Campus
 80 acres • Medical campus
Campuses 215 acres • Academic and Undergrad Housing
Off-Campus 135 acres • Off-campus Grad Housing
Total Acres 350 acres nonprofit

Boston:
Govt. Revenue \$2.38 billion • 2009
Population 646,000 residents
Area 48 square miles = 30,720 acres
BU nonprofit acres 350 acres/30,720 acres = 1.1% of total Boston acres

BU PILOT \$4,892,000 cash =
2009
8.5% lost BU nonprofit real estate tax revenue if taxable =
0.21% of total Boston budget =

\$14,240/BU nonprofit acre in Greater Boston =

\$4,892,000 / 30,000 BU students = \$163/ student

BU PILOT \$6,040,000 PILOT + \$6,534,000 cash contributions =
2014
10.5% of lost BU nonprofit real estate tax revenue if taxable
\$6,040,000 cash/ 350 acres = \$17,250/BU nonprofit acre
\$6,040,000 cash/ 30,000 students = \$200/student

Yale University

Established	1701
Type	Private
Endowment	US \$23.9 billion • 2014
Website	Yale.edu
Academic staff	4,171
Undergraduates	5,414 • 2014
Postgraduates	6,809 • 2014
Students	12,223 • 2014
Location	New Haven, West Orange and West Haven Connecticut
New Haven Area	Land 18.7 sq mi = 11,968 acres
Yale Areas	932 acres New Haven CT 136 acres West Orange CT 57 acres West Haven CT
Yale Total Area	1,125 acres total
Yale Nonprofit Acres/ Total New Haven Acres	932 Yale acres/ 11, 968 New Haven acres = 7.8% of total New Haven acres Yale owns extensive off-campus real estate in New Haven such office and retail buildings, tenant space and student housing.
New Haven Pop.	130,660 residents (2013)
New Haven Budget	\$497 million
Yale U PILOT	\$7,500,000 Yale 2010 PILOT in cash to New Haven CT \$8,100,000 Yale 2013 PILOT in cash to New Haven CT \$8,300,000 Yale 2014 PILOT in cash to New Haven CT \$7,500,000 Yale 2010 PILOT /\$497 million New Haven budget = 1.5% of total City of New Haven budget \$8,100,000 2013 Yale PILOT = 7.9% of lost real estate tax rev. \$8,300,000 Yale 2014 PILOT = 6.9% of lost exempt real est. tax \$4,000,000 Yale 2014 cash contrib. = 3.4% lost real estate tax Total Yale 2014 Contributions = 10.3% of lost real estate tax \$7,500,000 /932 Yale nonprofit New Haven acres = \$8,050/acre \$8,300,000 /932 Yale nonprofit New Haven acres = \$8,900/acre \$7,500,000 Yale 2010 PILOT/ 12,211 students = \$615/student \$8,300,000 Yale 2014 PILOT /12,211 students = \$680/student
State of CT PILOT	CT 2014 \$28.8M + Yale PILOT 2104 \$8.3M = \$37.1M = 32% of lost nonprofit exempt real estate tax revenue/year

Harvard University

Established • Type 1636 • Private
Endowment \$36.4 billion • 2014
 Website bu.edu
Staff 2,400 faculty - 10,400 academic appointments in teaching hospitals

Undergraduates 6,700 • 2014
 Postgraduates 14,500 • 2014
Students 21,200 • 2014

Campuses & Students 2014 210 acres • Main Campus • Cambridge • 13,020 resident students
 360 acres • B School • Stadium • Boston • 8,180 resident students
 20 acres • Medical Campus • Boston
 40 acres • Arsenal on Charles Property • Watertown

Academic Acres 630 total academic acres and a total of 21,200 resident students

Population 646,000 residents
Boston Area 48 square miles = 30,720 acres

Harvard PILOT 2009 Harvard to Boston • 2009 \$2,000,000
 Harvard PILOTs to Cambridge and Watertown PILOTs not found

\$2,000,000 PILOT /\$40,048,000 lost real estate tax revenue =
 5% lost Harvard nonprofit real estate tax revenue in Boston

PILOTs 2014 Harvard to Boston • 2014 \$2,217,000
 Harvard to Cambridge • 2014 \$2,968,227
 Harvard to Watertown • 2014 \$4,902,862
Total Cash PILOTs • 2014 \$10,088,273

\$10,088,273 PILOTs 2014 /\$1.6B Boston Cambridge and
 Watertown city revenues = 0.6% of total city revenues

\$2,217,000 PILOT /\$34,782,000 lost real estate tax revenue =
 6.4% of lost Harvard nonprofit real estate tax rev. in Boston
 Cambridge & Watertown lost tax-exempt real estate rev. not found

\$10,088,273 PILOTs /630 acres = \$16,000 /academic acre
 \$10,088,273 PILOTs /21,200 students = \$475 /Harvard student

Note The majority of Harvard PILOTs are in cash directly to cities.
 Smaller amounts are to specific community programs. Harvard
 makes tangible service contributions to its cities similar to Yale.

Additional References for this page “Harvard University 2014Town Gown Report • For the City of
 Cambridge” • Harvard Planning and Project Management

“Watertown, University announce agreement” Harvard Gazette

PILOTs and Cash Contributions: Comparisons and Observations

For fair comparison, the universities chosen were medium-to-large in size, prestigious, well endowed and in medium-to-large metro areas. Washington University has property in Unincorporated STL County, St. Louis, and Clayton, with about 30% of its acreage in University City, a small city, not unlike Harvard in Cambridge, Boston and Watertown.

All contribute to their cities; some moderately, some generously and some like Yale in stunning amounts factoring in tangible service contributions enumerated in the IBA Heidelberg Report. No one PILOT or contribution metric is singularly dispositive but taken as a whole they create a fair image of civic investment by these universities.

The Boston University and Yale PILOTs and cash contributions exceed Washington U in total and proportionately compared on all metrics. Proportionately, Harvard is similar to Washington University on a percentage of lost exempt real estate tax revenue basis, but exceeds them on the other metrics. Yale with 12,000 students is similar in size to Washington U with 14,100 students, and both with a presence in small cities, thus Yale provides more meaningful metrics than Boston U with 30,000 students, and Boston with 655,000 residents. Boston's large budget reduces the percentage impact of BU's PILOT.

The following scenarios demonstrate the amount Washington U would contribute to University City should the average contributions of the comparable institutions (Boston U, Yale and Harvard, respectively) be applied to the following alternative metrics:

- | | |
|--|------------------------|
| A. Percentage of lost nonprofit real estate taxes ^{*1} | \$170,000/yr. |
| <i>9.1 % (10.5%+10.3% +6.4%/ 3) of \$1,857,000 (2014)</i> | |
| B. Percentage of revenue for all University City taxing entities | \$540,000/yr. |
| <i>0.77% (0.21%+1.5% +0.6% / 3) of \$70,000,000 (2014)</i> | |
| C. Lump sum contribution per resident student | \$630,000/yr. |
| <i>\$450 (\$200+\$680+\$475 / 3) x 1400 students (2014)</i> | |
| D. Lump sum/acre of nonprofit academic land owned by university ^{*2} | \$1,867,500/yr. |
| <i>\$12,450 (\$8900 Yale + \$16,000 Harvard /2) x 150 acres (2014)</i> | |

*1 The sum of the Yale PILOT \$8,300,000 and cash contribution of \$4,000,000 = 10.3%

*2 Boston U's small dense land skews their percentage high.

References for Comparisons

Payments in Lieu of Taxes, Balancing Municipal and Nonprofit Interests, Daphne A. Kenyon and Adam H. Langley, Lincoln Institute of Land Policy, Policy Focus Report

Payments in Lieu of Taxes by Nonprofits: Which Nonprofits Make PILOTs and Which Localities Receive Them • Adam H. Langley, Daphne A. Kenyon, and Patricia C. Bailin
© 2012 Lincoln Institute of Land Policy

Washington University, Boston University, Yale and Harvard websites
University City website • Boston MA and New Haven CT Wikipedia articles

“*City demands PILOT Program*”, Yale Daily News, Issac Stanley-Becker, Feb. 4, 2014
“*Senator Looney proposes changes to CT's PILOT*”, New Haven Register, Mar 17 2014

Subcommittee 5 Report

Todd Swanstrom • Stephen Selipsky

The Cost of City Services for Tax-Exempt University Property and Residents

Calculating the marginal cost of city services for Washington University tax-exempt properties and their residents is complicated and sensitive to detailed assumptions; direct calculations are neither simply fact-based, nor likely to be widely agreed on. The Committee has instead chosen to calculate both a per-student and a per-property-value allocated share in the “cost of operating the City”, the spending necessary to provide an attractive and livable community for the University population living in tax-exempt property.ⁱ

University City’s FY 2015 budget projects citywide operating expenditure of \$33,742,900, or \$954 per capita.ⁱⁱ 1400 Washington University students lived in tax-exempt University-owned housing in University City in Fall 2014.ⁱⁱⁱ Assigning to these students an equal per capita share of the cost of running the city in which they live corresponds to an annual cost allocation of \$1.34 million. This includes only residential property expenses, to which might be added an allocation by property value for Washington University’s non-residential tax-exempt properties; we will conservatively leave that out (but see the alternative proportional valuation method below).

We were also asked to consider other University City taxing entities, of which the School District is the largest. Of course, only a few University students have children and directly contribute to demand for school district services; on the other hand running a school district is considered necessary for a livable community and so school taxes are assessed even on childless private property owners. The School District of University City’s 2013-2014 total expenditure^{iv} was \$44,413,029, or \$1,256 per capita, and so Washington University’s untaxed 1400 students might be allocated School District costs of \$1.75 million.

To cross-check these numbers we use another methodology favored in public policy literature: the “proportional valuation method,” which assigns municipal costs not on a per capita basis but based on the assessed value of the real estate.^v Comparing tax-exempt University-owned property value in University City taxing districts (low \$110 million to mid-range \$130 million as calculated by the Committee) to total assessed property value (2013 assessment of \$2,887 million^{vi}), would allocate 3.8% to 4.5% of public spending to those properties. That percentage of City government spending would be \$1.28 million to \$1.51 million, and of School District spending would be \$1.68 million to \$1.98 million, slightly larger than the per-capita allocations of total expenses.

Thus, either by the per-person or the per-property-value method, Washington University’s tax-exempt property and residents could be allocated approximately **\$1.4 million** annually in City budget spending. An additional **\$1.8 million** annually could be allocated for School District spending, though not as a direct marginal cost to schools due to students’ presence. Allocated city and school district costs would then total **\$3.2 million**.

Finally, although this chapter focuses on the cost side of local government services, we note some revenue side considerations relevant to expense allocation. In particular, University City revenue from property tax makes up 15.7%, and sales and use taxes 28.9%, of total City revenue. It might then be argued that we should proportionately reduce the above expenses allocated to the University's tax-free properties and residents, with the remaining percentage accounted for by University-paid utility taxes, building inspection fees, University City share of sales taxes on students' incidental (non-campus) spending, etc. We have instead separately examined the amount of such University-generated revenue in the separate University payments section of this report. We have also provided above both a total-expenses School District allocation and an allocation adjusted for revenue percentage from local property tax. Finally, we note that students living in University City are counted in its population for purposes of Saint Louis County Sales Tax Pool sharing, and so have a small upward effect on the City's revenues as well as on the expenses estimated here.

i Our approach follows the "Per Capita Multiplier Method," described by a respected guidebook on fiscal impact analysis as "the classic average costing approach for projecting the impact of population changes on local municipal and school district costs...." Robert W. Burchell, David Listokin and William R. Dolphin, *The New Practitioner's Guide to Fiscal Impact Analysis* (Center for Urban Policy Research, 1985), p.9.

ii *University City, Missouri BUDGET / Fiscal Year 2015 / July 1, 2014 to June 30, 2015*, p.5

iii Washington University Office of Government and Community Relations, testimony to Advisory Board.

iv *Budget, Board of Education, University City School District, Fiscal Year Ending June 30, 2014*, p.22

v The basic idea is that "municipal costs increase with the intensity of land use." Burchell, Listoken and Dolphin, p. 29. The proportional valuation method is usually applied to nonresidential property, but is not usually applied to public education cost estimation.

vi *City of University City, Missouri Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2013*, p. 81. <http://www.ucitymo.org/DocumentCenter/View/7015>

UNIVERSITY CITY BUDGET FY 2015: CITY-WIDE AND PER CAPITA ALLOCATION

<http://www.ucitymo.org/DocumentCenter/View/7431>

Property Taxes	5,311,000	15.7%
Sales & Use Tax	9,776,800	28.9%
Intergovernmental	2,110,000	6.2%
Grants	933,200	2.8%
Licenses	708,000	2.1%
Gross Receipts Tax	6,722,000	19.9%
Inspection Fees and Permits	771,000	2.3%
Service Charges	4,192,000	12.4%
Parks and Recreation Fees	1,640,000	4.9%
Municipal Court and Parking	1,132,000	3.3%
Interest	84,400	0.2%
Miscellaneous Revenue	424,100	1.3%
Total REVENUE	33,804,500	100.0%

Legislative	225,400	0.7%
City Manager's Office	685,700	2.0%
Human Resources	140,200	0.4%
Information Technology	625,400	1.9%
Finance	849,700	2.5%
Municipal Court	343,600	1.0%
Police	8,161,300	24.2%
Fire	4,477,600	13.3%
Community Development	4,796,000	14.2%
Public Works	8,756,300	26.0%
Debt Service	1,278,000	3.8%
Component Units:		
Library	1,941,500	5.8%
Loop Business District	72,000	0.2%
Parkview Gardens	90,200	0.3%
Capital Improvement	1,300,000	3.9%
Total EXPENDITURE	33,742,900	100.0%

Washington University students in U City

Graduate + Undergraduate	2840
In University-owned	1400
City population (US Census)	35,371
Per capita expenditures	954
Student/WU-owned allocation	1,335,559
Property tax % of budget	15.7%
Sales & Use % of budget	28.9%
Local tax revenue percentage	44.6%
Local tax adjusted allocation	596,094

School District 2013-14	
32,463,000	Local Tax
11,694,495	Non-local
44,157,495	Non-capital revenue
2840	
1400	
35,371	Census 2010
1,248	
1,747,773	
73.5%	= Local/non
1,284,900	

SCHOOL DISTRICT OF UNIVERSITY CITY BUDGET

2014-2015 Preliminary Budget	
Operating Budget	40,110,000
Debt Service Budget	<u>4,720,000</u>
Total non-capital	44,830,000

Capital Projects Budget	940,000
Bond Issue	6,730,000

2013-2014 Budget	Revenue *	Expenses
Operating	39,603,870	39,805,368
Debt Service	<u>4,553,625</u>	<u>4,607,661</u>
Total non-capital	44,157,495	44,413,029

Capital Projects	984,445	814,503
Bond Issue	50,000	8,370,061

* Includes property tax +
sales tax subtotal 32,463,000 2013-2014 pg. 20
Local revenue % of
non- capital revenue: 73.5%

* <http://www.ucityschools.org/vimages/shared/vnews/stories/496f62d47e1bc/2013-14%20amended%20budget.pdf>
<http://www.ucityschools.org/vimages/shared/vnews/stories/496f62d47e1bc/FY12-13%20Audit%20Report.pdf>
<http://www.ucityschools.org/vimages/shared/vnews/stories/496f62d47e1bc/Prelim%20budget%20FY15.pdf>

UNIVERSITY CITY TOTAL ASSESSED AND ACTUAL REAL ESTATE VALUE

2013	Real	Personal	Railroad and Utility	Total Taxable Assessed Value	Estimated Actual Taxable Value
Assessed	530,263,000	57,676,000	8,993,000	596,932,000	2,887,085,000
Assessment ratio	19.00%	33.33%	32.00%		
Actual appraised	2,790,857,895	173,028,000	28,103,125		2,991,989,020
Sep 2013 assessed					(see assessor methodology details)
(School District preliminary budget)				571,094,150	

	2014	2018
Washington University owned: lower bound	109,900,000	129,900,000
Percentage of total actual taxable value: lower bound	3.8%	4.5%
Washington University owned: mid-range	129,600,000	152,600,000
Percentage of total actual taxable value: mid-range	4.5%	5.3%

		Total budget	Property % University allocation	Per capita University allocation	Local-tax adjusted allocation
<i>Lower bound</i>					
City Budget	3.8%	33,742,900	1,284,460	1,335,559	596,094
School Budget	3.8%	44,157,495	1,680,903	1,747,773	1,284,900
<i>Mid-range</i>					
City Budget	4.5%	33,742,900	1,514,704	1,335,559	596,094
School Budget	4.5%	44,157,495	1,982,211	1,747,773	1,284,900

<http://www.ucitymo.org/DocumentCenter/View/7015>
 CITY OF UNIVERSITY CITY, MISSOURI COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

IBA Heidelberg

Gary Nelling

Internationale Bauausstellung Heidelberg • 2013 or International Building Exhibition Heidelberg • 2013 Knowledge Based Urbanism • Symposium

International Building Exhibitions (IBA) in Germany are typically exhibits and/or competitions that showcase the best of cutting-edge international architecture and urban planning design, planned and presented by the organization of the same name.

For the first time in the history of IBA, the small city of Heidelberg Germany was the host of an International Building Exhibition, but the City Council of Heidelberg had the additional purpose of conducting a symposium presenting its challenge for the city to become a laboratory for innovation in the urban built environment, and to create a long term program for integrating the resources of Heidelberg University with the City of Heidelberg to encourage private economic growth and citizen education, which they have named Knowledge Based Urbanism . *1 To this end they invited mayors, architects, city planners, university presidents and development directors from around the western world.

Participants

Included were Heidelberg's Mayor Dr. Eckart Würzner, Minister Theresia Bauer and Prof. Dr. Bernhard Eitel, Rector of Ruperto Carola at Heidelberg University, Harvard's Prof. Dr. Charles Waldheim, Stanford's Bob Reidy, Palo Alto City Council member Gregory Scharff, Delft Netherlands Mayor Bas Verkerk, from Heidelberg's sister cities Kumamoto and Montpellier, Professors Toshitaro Minomo and Yannik Tondut, planner William Haas from NYU and Cambridge, Massachusetts former Mayor Henrietta Davis. A larger group of architects, planners and academics were invited as participants. *1

Heidelberg and Heidelberg University

Heidelberg is a city of 150,000 residents and home to Heidelberg University with about 32,000 students and a staff of 14,000. The Ruprecht-Karls-Universität Heidelberg (Heidelberg University, Ruperto Carola) is a public research university. Founded in 1386, it is the oldest university in Germany and was the third university established in the Holy Roman Empire. Heidelberg has been a coeducational institution since 1899. Today the university consists of twelve faculties and offers degree programs at undergraduate, graduate and postdoctoral levels in 100 disciplines. It is a German Excellence University, as well as a founding member of the League of European Research Universities. *2

The city of Heidelberg is part of the Rhine-Neckar metropolitan region, with about 2.3 million inhabitants including the cities Ludwigshafen and Mannheim. Stuttgart, Karlsruhe and Frankfurt are within 40 minutes by train. Heidelberg as a center of knowledge is also home to the European Molecular Biology Laboratory (EMBL), the most prominent institution of its kind in Europe. In addition, there are four Max Planck Institutes, the German Cancer Research Center (DKFZ), the Heidelberg Institute for Theoretical Studies (HITS) and the GSI Helmholtz Centre in Darmstadt, as well as three Leibniz Institutes in Mannheim, to name just a few examples. *1

Though University City and Washington University are smaller in scale than Heidelberg and Heidelberg U, we both exist within larger metropolitan areas and have similarly large ratios of students to residents in our relatively small cities. In our case about 2,840 students in University City/ 35,150 residents = 8% and they have 32,000 students x 75% in the city = 24,000 students/ 150,000 residents = 16%.

Campus Organization and Interaction with the City

Heidelberg University is organized into two areas:

- **New Campus**

The New Campus is located in Neuenheim Feld area north of the Neckar River and now the largest part of the university, and the largest campus for natural sciences and life science in Germany with 14,000 students. Almost all science faculties and institutes, the medical school, the Pedagogik Hochschule or Teaching High School, Kopfklinik and Medizinische Klinik or University Hospitals Heidelberg, and the science branch of the University Library are situated on the New Campus. Most of the dormitories and the Institut für Sport und Sportwissenschaft athletic facilities of the university can be found there. Several independent research institutes, such as the German Cancer Research Center and two Max-Planck-Institutes have settled there. *1 *2

Of note, the University's Botanical Garden is located in the New Campus and attracts 50,000 visitors/year as does as the Technologie Park which is open to scientists, technology companies for shared research and development. Future plans include business incubators for private businesses and public corporations Also Neuenheimer Feld has 2,500 permanent residents and plans to attract more. *1 *2

- **Old Campus**

The Old Town campus and Bergheim campuses, on the south bank of the Neckar is dispersed within the city, and home to the humanities, including theology, languages, cultural and historical science schools, and law school, with 3,500 resident students, the balance being dispersed in the metropolitan area. The old town can be reached by tram and bus in about 10 minutes from the New Campus.

IBA Heidelberg Symposium Results

- **IBA in Heidelberg**

The City Council of Heidelberg was impressed with the proposal for the IBA Heidelberg Symposium 2013, and passed a resolution in 2012 establishing IBA in Heidelberg as a municipal company with a 10-year charter to 2022 to promote Heidelberg as a knowledge-based urban city of the future by working cooperatively with the University of Heidelberg to attract private-university projects that serve private business, citizen and university needs. Resultant projects will include the design and construction of creative new buildings, renovation of existing buildings and open spaces for cooperative uses. IBA in Heidelberg also will hold future architecture, design and urban planning exhibitions and competitions. The City also established the Creative Business Center of the City of Heidelberg, whose offices are in a former fire station renovated with cooperation from the University of Heidelberg.

- **Industry on Campus**

An important recent element is Heidelberg's "Industry on Campus" concept, which supports long-term cooperation between Heidelberg University and industrial enterprises for the purpose of research. Several Industry on Campus projects were created with important regional players, including the chemical company BASF, Nikon, Merck and Heidelberger Druckmaschinen. Future facilities include specific science-industry centers, business incubators, social service and job service centers. *1

- **Biomedical Companies**

The New Campus is now also the seat of several biomedical spin-off companies in Technologie Park. The Neuenheimer Feld campus has extensive parking lots for faculty and student vehicles for long term and short term parking, as well as employees of private companies, visitors and patients of the various university hospitals.

Heidelberg University vs. Washington University Economics

Financing of the two universities is difficult to compare since the German state heavily subsidizes university study to keep higher education affordable. Heidelberg University is a public university whereas Washington University is private.

- **Heidelberg University Finances**

From 2007 to 2012, Heidelberg charged tuition fees of € 1,200 /year, including student union fees, for undergraduate, Master's, and doctoral programs, for both EU and non-EU citizens, and for any school, department or area of study. From spring term 2012 onwards, tuition fees have been abolished. The usual housing costs for on-campus dormitories range from € 2,200 to € 3,000 /year.

In the fiscal year 2005, Heidelberg University had an overall operating budget of about € 856 M = \$942 million, consisting of approximately € 413 M government funds, € 311 M basic budget, and € 132 M from external grants. The university spent about € 529 M in payroll costs and about € 326 M in other expenditures for a net retained earnings of € 1 M and expenses, averaging 32,000 students at € 26,750 /year = \$29,500 /student/year. Unlike private universities in the US, Heidelberg University has little or no appreciable retained earnings vs. Washington University that can retain excess tuition and housing payments as tax-exempt earnings.

Also, the university receives another € 150 M in research grants, distributed over 5 years from 2012 onwards, due to the German Universities Excellence Initiative. In the fiscal year 2007, the university for the first time raised € 19 M through tuition fees, exclusively to improve the conditions of study. Only € 9.5 M of these were spent at the end of the year and the rectorate had to urge the faculties to make use of their additional means. No mention was made of Heidelberg University having endowments similar to Washington U nor of nonprofit tax status of Heidelberg U academic and dormitory buildings, though one would presume a public university would have all tax-exempt academic properties.*2

- **Washington University Finances**

By contrast, Washington U charges about \$45,000 /student/year + 13,000 /student/year room and board = \$58,000/ student/year x 14,100 students = \$818 M for tuition, room and board including scholarships and loans, a savings to the student but full payment to the University and roughly 135% of Heidelberg fees for tuition, room and board. Washington U also has total of \$8.8 billion in net assets consisting of \$6.8 billion in liquid assets and \$2 billion in fixed assets /real estate. *3

Under the circumstances, with the free cash flow and sizable endowments, one might presume that Washington University could afford to invest in similar programs in University City. Also, Washington University primarily answers to its Board of Directors, whereas Heidelberg University has mandates from the German government to consider in the use of the funds it receives annually. Therefore, Washington University perhaps also has greater flexibility in policy determination.

Yale University • Washington University • Heidelberg University

Yale University makes a substantial PILOT to its host city New Haven CT of \$8,300,000 which equals 6.9% or greater of the lost nonprofit exempt real estate tax revenues. Yale also contributes up to \$4,000,000 per year or 3.4% of lost nonprofit exempt real estate tax revenue to New Haven Promise, which provides college scholarships to city students who graduate from a public school and attend college in Connecticut. Additionally, Yale dedicates several million dollars each year of resources toward programs for young people in New Haven. Thus Yale provides 10.3% or greater of its nonprofit exempt real estate tax revenue to New Haven. This also offsets part of the PILOT paid by the State of Connecticut to New Haven, equal to 32-77% of lost nonprofit real estate tax revenue.

Yale University, however, makes substantial other tangible-value service contributions much in the scale and spirit of those provided by Heidelberg University, all of which work marvelously even though one is a public university and one is private. Washington University provides a few of these, albeit smaller in number and scale. We would recommend that they look at both Heidelberg University and Yale University as models for constructive community involvement and investment. Both Yale University and Washington University make several in-kind service contributions of student time and other intangibles that are difficult to value and therefore not part of the description below.

Yale Programs with Tangible Benefit for New Haven CT

- **New Haven Promise**

In addition to the scholarship program, Yale dedicates several million dollars each year of resources toward programs for young people in New Haven and the region. Each year more than 10,000 public school children participate in academic and social development programs sponsored by Yale on their campus. New Haven Public School students are welcomed to Yale throughout the year as the youngest members of our academic community; students take world language courses on campus, participate in the citywide science fair, explore our shared cultural heritage through visits to the Yale museums, attend lectures on weekends, and conduct research in Yale laboratories through summer internships. Yale faculty, staff, and students are actively engaged in these programs.

- **Yale University Properties**

Yale University pays real estate taxes to New Haven CT on all its commercial properties including office, retail, restaurant buildings and interior spaces and student apartments and homes.

- **Local Employment in New Haven**

Yale monitors work hours allocated to New Haven residents on each of its major construction projects and works closely with its contractors to meet and exceed targeted goals. Over the past decade, Yale research has contributed to a growing cluster of spin-off companies in the greater New Haven area, generating over 30 business ventures. Higher One, a company that was founded in 2000 by Yale students, recently broke ground on a new headquarters building in Science Park, ensuring that over 200 jobs would stay in New Haven.

- **Neighborhood Revitalization**

Yale committed funds to the restoration of Scantlebury Park, the Farmington Canal, and the improvements of streetscapes and creation of pedestrian and bike paths. Yale's commitment to Science Park has contributed to the success of the revitalization of the Winchester area. The Dixwell-Yale Community Learning Center, (DYCLC), and Rose Center which were built and are run by Yale, are open to the community. Yale has made improvements to neighborhoods other than just those in which they own property.

- **Yale University Homebuyer Program**

This program has committed \$25million in funds to assist over 1,000 employees in their purchase of homes in New Haven with a total value of approximately \$175 million. Neighborhoods that benefit from the include West Rock, Beaver Hills, Newhallville, Dixwell, Dwight, Hill, and Fair Haven, amongst others. The scale of this commitment has strengthened the tax base and attracted market-rate buyers.

- **Economic Development in New Haven**

Since 1990, in addition to its homebuyers program, Yale has contributed over \$40 million to economic development initiatives including providing funds to the Economic Development Corporation of New Haven, Start Community Bank, Science Park, and the Broadway and Chapel Street community investment programs. The results of Yale's business incubator are thirty new businesses in New Haven .

- **Yale University Medical Services**

Yale University supports the local community with its resources. Yale University Medical School physicians provide over \$12 million per year in free care to the local community. Yale New Haven Hospital also provides significant uncompensated care but it is a separate entity from Yale University with its own independent management. The Yale Jerome N. Frank Legal Services Organization offers free legal assistance to organizations that cannot afford to retain private counsel. The Urban Resources Initiative oversees the planting of trees in New Haven. The Yale Center for Investigation works with the community to seek solutions to local health questions. *4

Washington University Programs with Tangible Benefits for University City

- **Washington University Employee Assisted Housing Program**

Washington University has provided a similar loan program to its employees to purchase homes in the economically challenged residential areas north of Olive Street. To date there have been 27 forgivable loans of about \$4,000 each for closing costs for a total of \$109,000 from 2005-2014, which though helpful has not been enough to stabilize the areas and attract other buyers, and strengthen the real estate tax base.

- **Neighborhood Revitalization**

Washington University has improved sidewalks, lighting and installed call boxes to their university security services in the areas of their student apartments though not beyond, thus benefitting primarily the university or shared 50/50 with University City. Washington University has contributed cash and in-kind services to the planning efforts of the Parkview Gardens Neighborhood Sustainable Development Plan, the Loop Trolley Company and Centennial Greenways, a continuous north-south green walkway-bikeway system, as one-time contributions, but not annual or operating contributions. They also provided new traffic signalization at a major intersection that improved access to their new North Campus in the City of St Louis.

- **Economic Development**

Washington University contributed to the University City Chamber of Commerce, which is thoughtful but doesn't accrue to any University City taxing agency.

UCWU Advisory Committee Recommendations

“The symbiosis between the University and the City entails much more than just building infrastructure: It involves fields of economics, cultural exchange, lectures and urban life. The university members contribute by their lectures, meetings, by their work as scientists, but also in their capacity as citizens.” *1

With Heidelberg leading the way, and Stanford, NYU, Harvard, Yale and others initiating similar initiatives to link themselves more closely to their cities through shared scientific and technology centers, business incubators, community educational and conference centers, social and job service centers and other mutual and financially beneficial ways, we would recommend that Washington University consider similar initiatives in University City.

Footnotes

*1 http://iba.heidelberg.de/files/iba_summit_dokumentation.pdf

*2 http://en.wikipedia.org/wiki/Heidelberg_University

*3 http://wustl.edu/about/annualreport/_assets/pdf/WUSTL-Financial-FY2014.pdf

*4 <http://onhsa.yale.edu/economic-growth-and-fiscal-impact>