

Yale OFFICE OF THE PRESIDENT

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November 17, 2021

The Honorable Justin Elicker
Mayor of the City of New Haven
165 Church Street
New Haven, CT 06510

The Honorable Tyisha Walker-Myers
President, New Haven Board of Alders
165 Church Street
New Haven, CT 06510

Dear Mayor Elicker and Board of Alders President Walker-Myers,

I write today to underscore our historic, three-century partnership and Yale University's ongoing commitment to our hometown, New Haven. Yale and New Haven have a bond that has been tested by time and strengthened by shared purpose. As an anchor institution and the largest employer in New Haven, the university is proud to do its part in building a community that creates sustained inclusive growth across every neighborhood in the city. New Haven is poised for accelerated growth with additional funding from the federal government, the state, and the university, as well as increased private investment in residential and commercial properties. New Haven's expanding population and its support for innovation will continue to position the city for a bright future.

In recognition of the cooperative and beneficial relationship between the City of New Haven and Yale University, the university intends to a) substantially increase the annual voluntary payments it makes for the next six years, b) create a Center for Inclusive Growth, c) make additional voluntary payments to alleviate the impact of the removal of potential future tax-exempt properties from the city's grand list, and d) create a pedestrian-friendly corridor on High Street. Each of these actions is more particularly described below.

Voluntary Payments

Yale University has made voluntary payments to the City of New Haven annually for the past 31 years, amounting to over \$152 million to date. Under its 1990 Agreement with the City, Yale began making an annual voluntary contribution to the city in an amount corresponding to a certain percentage of the city's annual operating budget for fire services ("Fire Services

Payment”). In Fiscal Year 2006, in a letter from then-President Levin, Yale agreed to an increased annual voluntary payment calculated based on the sum of full-time university employees working in New Haven and full-time student residents in nontaxable university facilities times a multiplier of \$250. The multiplier was adjusted annually for inflation, and the number of employees and students was recalculated every three years (the “Calculated VP”). The Fire Service Payment was credited as an offset to this amount.

For FY2011-2013, in response to the city’s financial difficulties, the university increased assistance and made voluntary payments that included both the Calculated VP *plus* the Fire Services Payment. In 2013, Yale informed the city it would continue this voluntary practice.

In FY2019, again in response to the city’s fiscal difficulties, Yale increased its annual voluntary payment to New Haven by \$2.5 million. Yale’s most recent voluntary payment for FY2021 totaled \$13 million.

I am pleased to inform you that Yale will once again increase its voluntary payment—which at \$13 million annually is already the highest paid by any American university to its host city—by adding \$10 million over and above the Current Estimated Voluntary Payments for each of the next five years and \$2 million over and above the Current Estimated Voluntary Payment in the sixth year. Thus, for the 2021-2022 fiscal year, New Haven will receive over \$23 million. Yale’s contributions over the next six years will be approximately \$135 million, as set forth below. These voluntary payments will be adjusted annually only to reflect the actual versus estimated Fire Service Payment and are inclusive of Yale’s Calculated VP and the most recent increases. All previous terms, conditions, recourse, and notice provisions of the 1990 Agreement and President Levin’s 2005 letter and subsequent letters to the city regarding the voluntary payment and the university’s tax exemption continue to apply and are incorporated in this letter.

(Chart numbers in thousands)

	Estimated Fire Service Payment*	Calculated Voluntary Payment	Recent Increase	Current Estimated Voluntary Payment	New Voluntary Payment	Total
FY 2022	\$3,563	\$6,580	\$3,100	\$13,180	\$10,000	\$23,180
FY2023	\$3,652	\$6,744	\$3,100	\$13,497	\$10,000	\$23,497
FY2024	\$3,744	\$6,913	\$3,100	\$13,757	\$10,000	\$23,757
FY2025	\$3,837	\$7,086	\$3,100	\$14,024	\$10,000	\$24,024
FY2026	\$3,933	\$7,263	\$3,100	\$14,297	\$10,000	\$24,297
FY2027	\$4,032	\$7,445	\$3,100	\$14,577	\$2,000	\$16,577
Total	\$22,764	\$42,034	\$18,600	\$83,398	\$52,000	\$135,398

* To be adjusted annually based on actual Yale Fire Service Payment calculated in the City’s Annual Budget and based on the 1990 Agreement.

Center for Inclusive Growth

In addition to increasing our voluntary payment, I am pleased to confirm the creation of a new Center for Inclusive Growth to be established at Yale, whose activities will include seeking to identify economic and social development initiatives aimed at bolstering growth throughout our community. The center will benefit from an advisory committee consisting of subject matter experts from both the city and the university. Kerwin Charles, the Indra K. Nooyi Dean of the Yale School of Management, will help launch this effort.

The center’s structure and initial projects will be developed in the coming months. Yale plans to deploy \$5 million to the work of the center over the next six years. This amount is over and above Yale’s increased voluntary payments described above and the additional amounts described below.

Voluntary Payments for Newly Acquired Tax-Exempt Property

Additionally, Yale recognizes that when it acquires taxable real property in the City of New Haven and dedicates it to its tax-exempt purposes, this can have an immediate impact on the city’s tax revenues. To help offset this effect, Yale intends to make additional voluntary payments for any properties that Yale takes off the tax rolls in the next six years.

Specifically, for any real property in the City of New Haven acquired by Yale and removed from the tax rolls from now through the end of FY2027, Yale will voluntarily pay to the city an amount equal to the amount of taxes that otherwise would have been paid for three years, and then pay diminishing amounts for the next nine years according to the following schedule.

Year beginning with first voluntary payment following conversion in use to tax-exempt purpose	Voluntary payment is equal to property tax amount at time of conversion times this percentage
1	100%
2	100%
3	100%
4	90%
5	80%
6	70%
7	60%
8	50%
9	40%
10	30%
11	20%
12	10%
13 and subsequent years	0%

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This creative methodology works hand in hand with the State of Connecticut's recently redesigned payment in lieu of taxes (PILOT) program, which provides state funds to cities like New Haven based on the amount of state-owned and tax-exempt non-profit property as well as the net equalized grand list. The state's PILOT payments recognize the importance of cities to the culture and economy of Connecticut, and they serve to diversify the revenue base for municipalities. These two initiatives will help ensure that Yale can continue to grow and spur broader, long-term economic expansion in New Haven while protecting the city's ability to collect revenue in the near- to medium-term.

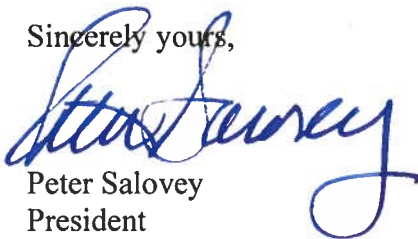
High Street Conversion

I also am excited about the city's commitment to work with Yale on the conversion of High Street between Chapel and Elm Streets into a new public walkway. Although this stretch of High Street will remain a city thoroughfare, the city will no longer allow vehicular traffic, other than emergency vehicles; thereby, we will create a beautiful public space that will welcome students, New Haven residents, and people from around the world. Yale is proud to lead the development of the design, subject to the approval of the City Plan Commission. After design approval, Yale will fund and manage the development of this public space and will maintain it for as long as Yale and the city both wish Yale to do so.

The new initiatives described in this letter are over and above Yale's current commitments to the New Haven community. Yale fully plans to continue its dedication to a wide variety of other efforts that invigorate the civic and cultural well-being of New Haven.

Yale loves New Haven. The new plans described here are informed by decades of engagement and service offered by members of the Yale community, and they are given purpose, shape, and energy by the good people of our wonderful city. The work ahead matters. Together, we will build an exciting and prosperous future for all.

Sincerely yours,



Peter Salovey

President

Chris Argyris Professor of Psychology