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NEW YORK | NOVEMBER 28, 2011

Pact's Benefits in Limbo

Pledge to Nonprofits Cleared Deal for Columbia, but Money Tied Up in Squabble

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By [JACOB GERSHMAN](#)

It was supposed to be a breakthrough victory for Harlem residents and a model on how to settle raging land-use disputes.

But more than 2½ years after Columbia University brokered an agreement with community groups—exchanging a lucrative package of benefits for the area's blessing of the university's expansion into West Harlem—local officials and residents are complaining that the fruits of the deal remain a mystery.

Political squabbling over control of the benefits has left nearly \$3 million in Columbia-donated funds idling in a bank. The group administering the largest chunk of benefits, the West Harlem Local Development Corp., doesn't have an office, a website or a staff. The corporation hasn't made public any reports of its activities.

As required, Columbia has directed funds to pay for an agreement compliance officer hired by the state and a tenants attorney to advise residents on evictions. But no one has been retained.

Meanwhile, Attorney General Eric Schneiderman, who enforces the state's charities law, has subpoenaed the nonprofit corporation, which spent hundreds of thousands of dollars but never registered with his office.

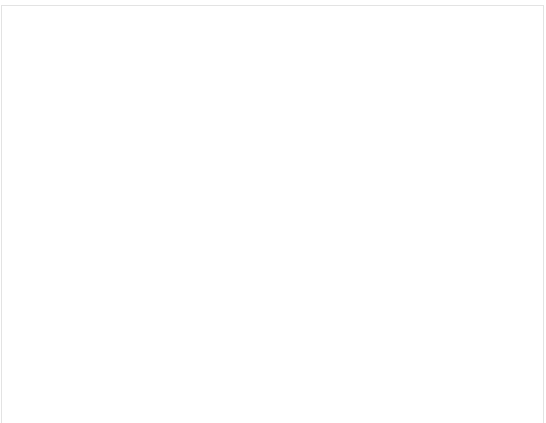
"It's a lesson in what not to do. These community benefit agreements, you have to be very careful because all that glitters is not gold, especially from the perspective of the people who live in the community, the little people," said state Sen. Bill Perkins, a Harlem Democrat who has opposed the university's expansion efforts.

The development corporation was set up five years ago, as city and state officials negotiated with Columbia for zoning changes and government land seizures of commercial property the university needed for its 25-year plan to stretch its campus into a 17-acre swath of land west of Broadway between 129th and 133rd streets.

Columbia cleared the regulatory hurdles after tentatively agreeing to a benefit package valued at \$150 million, including a \$76 million "benefits fund" to be distributed over 16 years.

In May 2009, the university began disbursing funds through another nonprofit, the Fund for the City of New York.

Columbia officials said they've met their obligations and exceeded hiring goals. "We all share interest in ensuring good use of Columbia's financial obligations under the CBA, but it's also important for the university not to impose itself on priorities that ultimately must



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Benitez.

Donald Notice, the corporation's chairman who also runs a housing nonprofit, said the group "doesn't have to be a registered charity."

Mr. Notice said the local development corporation didn't have to register as a charity because its books are managed by the Fund for the City of New York. And he said it's spent little of the money at its disposal.

The development corporation has spent less than \$700,000. It paid about \$150,000 to a consultant for corporate structuring advice and gave \$300,000 to the city's summer jobs program.

Mr. Notice said the corporation should by now be leaving spending decisions to a separate nonprofit it created. But the people who control the corporation's board haven't agreed on who should control the nonprofit. People familiar with the discussions said a major point of contention is whether Harlem politicians will have representatives on the new board.

"That corporation should have been dissolved already," said Mr. Notice. "It took a long time. They can criticize us for that."

The snags highlight common problems with private pacts between developers and neighborhood coalitions. Agreements for the Atlantic Yards arena project in Brooklyn and the construction of the new Yankee Stadium ran into similar complaints.

Proponents of the agreements say they're an effective way for local groups to extract concessions and assurances from developers—typically, in the form of hiring quotas, charitable donations and low-income housing subsidies. Because the agreements are private, they allow politicians to barter for benefits.

But Columbia's agreement, according to land-use experts, has fallen victim to common structural and legal flaws.

"A serious problem with community benefits agreements is legitimacy: What is the community, who represents it, how does the community hold the negotiators accountable, who enforces and how do they do that?" said Vicki Been, a professor at New York University School of Law and land-use regulation expert.

For Harlem's political class, the dispute over the benefit funds has been a source of tension. It has handed ammunition to local insurgents such as Vince Morgan, who is running for Congress against Rep. [Charles Rangel](#) and put Harlem's old guard on the defensive.

"I think it's going to make it tougher for smart development to happen because the people who are impacted by the development won't accept a community benefits agreement in the bargaining process," said Mr. Morgan. Without oversight, he said, it's hard to verify that Columbia is delivering on its promises to bring jobs and contracts to the area.

Mr. Rangel declined to comment through a spokesman.

Write to Jacob Gershman at jacob.gershman@wsj.com

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