Towards A New Theory of Sports-Anchored Development For Real Economic Change

Stephanie Gerretsen, Mark S. Rosentraub

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Introduction

Some social and management science scholars might not regard the sustained findings that sports venues produce neither regional economic development nor fiscal returns for investor cities as a theory. Yet Abraham Kaplan (1973) defined a theory as a sustained relationship if it allows one to make ‘sense of a disturbing situation so as to allow us more effectively to bring to bear our repertoire of habits, and even more importantly, to modify habits or discard them altogether, replacing them by new ones as the situation demands’ (1973, p. 295). The research by numerous scholars produced in the 1990s sustained the view that the public investments in arenas, ballparks and stadia produced no real changes in regional economic development. Their findings became a principle of public policy for sport management. The research sustained Kaplan’s definition of a theory in that the research identified an undesirable outcome for taxpayers and the public sector that warranted a change. The changes prescribed included (a) a ban on public investments in the venues used by professional sports teams, (b) a change in laws, making it possible for professional sports leagues to limit the number of teams and (c) the use of eminent domain to allow governments to seize franchises that threatened to relocate when the public sector did not acquiesce to demands for a subsidy for a new venue (Kennedy and Rosentraub, 2000; Rosentraub, 1997).

Other scholars, however, positioned different theories that suggested each of these policy recommendations were fraught with practical, legal and political hurdles that made implementation unlikely. Olson (1965) identified the barriers to the collective action required to get all cities, states and provinces to agree to ban subsidies when a single city or governments could reap benefits from the knowledge that no other was likely to offer a subsidy. His work also helped identify the benefit that exists for cities already home to teams to support the leagues’ ability to restrict expansion. Doing so ensured that cities with teams continue to enjoy a special status that would deteriorate if many more cities were home to a franchise. Last, in the aftermath of Kelo v. New London (545 U.S. 469), in which the US Supreme Count sustained public takings...
for economic development, several states passed laws making it more difficult to seize property to advance a government’s agenda (Ely, 2009).

In light of these theories and observations that effectively eliminated the proposals to change undesirable outcomes for cities dealing with the demands from teams, what path remains for the practice of sport management? If another theory or path does not exist, are we relegated to the position where there is no alternative to the conclusion that cities that deal with teams are destined to be ‘major league losers’ (Rosentraub, 1997)? Through this chapter our goal is to posit a different theory to create a new habit or practice that creates pecuniary (real financial) benefits for teams and the public sector. That objective can be achieved when a public/private partnership for a venue includes a real estate development strategy to build a new neighbourhood anchored by an arena, ballpark or stadium (Rosentraub, 2014). This new theory creates major league winners from a legacy of major league losers.

**What turned the public sector into major league losers?**

There has been a degree of hegemonic control established by economic and political elites to subvert competitive or free-market forces that produced the extremely profitable environment of those owning teams in the four major sports leagues. Note, the owners of teams in Major League Soccer or other leagues, such as lacrosse or women’s leagues, among others, have not yet enjoyed that benefit. Federal laws in the US and Canada have granted the leagues the ability to control the supply of teams and then to enter into contracts with all of the leading media outlets to reduce the ability of a start-up league to secure a lucrative system to distribute their games or product (Low, Halladay and Opashinov, 2012; Noll and Zimbalist, 1997; Quirk and Fort, 1992; Scully, 1995). This subversion of market forces led to the use of public subsidies to secure the presence of the limited supply of teams that, in turn, elevate profits. Numerous scholars have argued that public subsides of arenas, ballparks and stadiums have contributed to the elevated value of teams and the profits earned by owners (even if those profits are only secured when franchises are sold). At the same time, the initial wave of studies on the use of tax money to help pay for venues could not identify any tangible returns for the public sector. The four older professional sports leagues, working with civic and economic elites, have secured non-market control (Noll and Zimbalist, 1997; Vroom, 2012) of a valuable asset (professional sports). This might seem as an incorrigible situation in which involved parties could never be encouraged to change outcomes.

**Can this environment be changed?**

We suggest a solution set can be established independent of changes in governance of the major sports leagues. Those solutions, policies and practices can ensure that taxpayers and the public sector enjoy economic returns from their investment in sports venues. Central cities can work with teams and business leaders to ensure that their fiscal position is dramatically enhanced. Indeed, a declaration that behaviour cannot be changed is a failure to recognise Kaplan’s (1973) insight into the importance of theory. A theory exists to permit the correction of undesired outcomes and the formulation of other theories to create a more beneficial outcome.

Following this introduction, the second part of the chapter is an exploration of the theory that precisely describes a distributing situation regarding the relationship between teams and the fiscal returns to the public sector for their investments in venues. Much of the existing literature sustains a view of the hegemonic control of a scarce resource – professional team sports – that
A prevailing theory of teams, venues and economic development: the unending era of major league losers

For decades independent and academic analysts have not found meaningful positive regional economic changes as a result of (a) the presence of a professional sports team or (b) the public sector’s investment in venues for teams. Among one of the earliest assessments of the inability of cities to capture the benefits of venues and teams was Rosentraub and Nunn’s (1978) study of outcomes in Arlington (Texas Rangers) and Irving (Dallas Cowboys). They concluded that the suburban cities investing in venues were unable to capture sufficient economic activity to realise a positive pecuniary return. A few years earlier, Okner had already concluded ‘the benefits from publicly owned sports facilities probably accrue disproportionately to the moderate-income or well-to-do citizens in the community at the expense of the poor’ (1974, p. 374). His research was a cautionary note that without very different policies a stage was being set for the formation of practices that would benefit the wealthy at the expense of the poor if the public sector continued to invest in venues. With the launching of Indianapolis’ downtown revitalisation efforts anchored by sports venues in the 1970s and 1980s and the building of several new venues in the 1980s and 1990s, scholars began to carefully analyse what the wide-ranging public investments meant for regions and taxpayers.

Led by Baade and Dye’s work (1988, 1990) numerous studies affirmed the same basis observation (Baade, 1996; deMause and Cagan, 2008; Coates and Humphreys, 1999; Euchner, 1993; Noll and Zimbalist, 1997; Quirk and Fort, 1992; Rosentraub, 1997; Rosentraub and Swindell, 1991; Whitford, 1993). The presence of stand-alone venues for professional sports teams did not enhance regional economic development. City officials seemed convinced that jobs in the construction sector or at sports venues would lead to lower unemployment levels, higher general wage levels, increased revenues for local businesses and higher tax collections for local governments. Yet the sport management research performed concluded that isolated sports venues would not generate economic growth. Sports-related employment might rise, but those positions were too small or few in number to change regional economic patterns. Humphreys (2001) bluntly cautioned that while cities might enjoy marketing and image benefits there would be little ‘job creation, higher earnings [or] additional tax revenues’ (2001, p. 37). Coates and Humphreys (1999) even found that sports facilities had a negative impact on regional economies due to high levels of public debt and government funding used to subsidise the construction of professional sports facilities.

Long (2005) added a new dimension to this stream of research by urging a calculation of forgone property taxes, the cost for acquiring land and the public sector’s costs for the provision of needed infrastructure to sustain sports venues (and the traffic it generates). Her work augmented research by Nelson (2002) that highlighted the observation that aggregate spending within metropolitan areas did not seem to change when teams were present. That research underscored the concerns of many scholars that spending for sports was simply a shift of regional consumption patterns from one form of discretionary spending to another. The plethora of work sustaining these observations continued into the twenty-first century with new studies produced...

There have been numerous other studies but this incomplete listing sustains the theory that teams playing in stand-alone venues do not change regional economic activity. An obvious question, however, is why with such a theory emerging did mayors, county officials or governors continue to chase professional sports teams and build venues as part of their economic development strategies? Recent events in Minneapolis, Sacramento and Seattle underscore why sport management has to continue to develop theories that help the public sector better manage outcomes from their investments in sports venues.

With four games remaining in their 2011 season the Minnesota Vikings exercised their option to and informed local and state officials that the team would not agree to continue to play their home games in the covered stadium that opened on 3 April, 1982. In effect the team was declaring itself a ‘free agent’. With Los Angeles along with a private investor having recently agreed to a plan for new downtown stadium, fear was rampant that the Vikings were headed west. There were reasons to doubt the viability of the Los Angeles option. First, the downtown stadium would be built by Anschutz Entertainment Group/AEG Worldwide, meaning that terms would have to be negotiated that could include selling a portion or the entire team to Phil Anschutz. Second, relocation would require the payment of a relocation fee to the NFL. Both of these factors made relocation unlikely unless the Wilf family wanted to sell the team. Regardless, the public sector agreed to invest $498 million for a new iconic stadium. With construction costs likely to exceed $1 billion, the team’s share of the cost will exceed the support from Minnesota and Minneapolis. Nevertheless, there was no guaranteed new real estate investment from the team or its owner in exchange for the substantial investment being made by the public sector. The team will enjoy substantial new revenue streams in the new venue; the economic gains to the public sector are far more speculative.

Sacramento’s mayor, Kevin Johnson, a former NBA star, worked to ensure that the Kings (NBA) would not be sold to new owners intent on relocating the team to Seattle. Mayor Johnson convinced a group led by Mr Vivek Ranadive to purchase 65 per cent of the team (which was valued at $534 million) and invest $255 million towards the cost of an anticipated $475 million arena. The public sector would pay the rest of the cost.

Seattle was willing to invest in a new arena, where a NBA and NHL franchise would play their home games, near a new ballpark, SAFECO Park, and stadium, Century Link Field. In September of 2012, the Seattle City Council approved Chris Hansen’s plan for a $490 million arena with $200 million of the cost paid by the public sector. The public sector’s investment was conditional on the attraction of an NBA or NHL franchise. If franchises from both leagues were secured, the entire $200 million would be invested by the public sector. If only an NBA team relocated or was created for Seattle arena, the public sector investment would be $120 million.

With a theory suggesting there was little to no value for a region’s economy from the public sector’s investment in sports venues, why do communities still support higher taxes to ensure the presence of teams? There are two distinct possibilities. One possible explanation for the long-lasting attraction of elected leaders to sports for urban development could be a commitment to advancing the interests of local economic elites. Squires (1989, p. 3) observed that the beneficiaries of many public/private partnerships were ‘large corporations, developers, and institutions because the tax burden and other costs [for urban revitalisation] were shifted’ away from them to consumers and residents. At the same time these institutions also became contributors to the political campaigns of those individuals who would perpetuate a long-standing
policy of government support for business above the interests of lower-income individuals (Krumholz, 1991). It was these wealthy interests that dictated what governments would do, and what services they would not provide through their control of urban politics and elections (Lindblom, 1977). There were a large number of scholars who analysed urban development and concluded that subsidies to businesses produced little for the residents of cities. As Cummings (1988) noted, since the 1980s and the reduced availability of Federal funds for large-scale urban revitalisation, cities are more dependent on private capital.

Second, the infatuation with sports teams could be a result of public officials wanting to use the popularity of sports in an effort to attract investment in a city. Some might take exception with a preference for sports as a tool for advancement, preferring instead to encourage investments in education. Responding to that valuable suggestion, many would note that state governments were indeed making substantial investments in human capital through higher education, primary and secondary schools. Yet, the well-educated students were leaving for areas with a large set of amenities and jobs. These migration patterns suggested to some that cities had to offer more amenities to attract and retain well-educated individuals. Hosting teams and entertainment centres was one way to compete with other job centres where well-educated young people flocked.

Regardless of the forces driving the interest in sports, the public sector’s investments must be guided by a theory that does not mean capitulation to interests that are contrary to those of residents of the central cities. Before turning our attention to that objective in the context of public investments in sports venues for professional franchises, there is another change that is taking place that might also explain why leaders are focused on using sports to overcome undesirable outcomes for urban centres. Indeed, these patterns could well explain why sports have become important for urban revitalisation strategies.

**Another theory describing a disturbing outcome**

Central city leaders have been dealing with the effects of the decentralisation of economic activity for decades. While it was thought that the surging population of the US would sustain both central and suburban cities, by the 1970s it was clear that people and businesses preferred newer cities. Economic segregation became commonplace with central city residents having median household incomes far below those found in suburban areas. As more and more businesses followed the middle and upper classes to the areas surrounding the former engines of the American economy, central cities had to adapt to declining tax bases. As revenue sharing between governments declined, the fiscal stability of central cities deteriorated (Nunn and Rosentraub, 1996). An era of ‘fend for yourself federalism’ (Herbers, 1987) required central city leaders to figure out the best possible ways to attract and retain all forms of capital. With reduced revenues service levels declined and those households that could relocate moved from central cities to other suburban communities.

At the same time that some scholars were studying the lack of regional economic change from sports teams and venues, others were analysing the changing economic and demographic patterns in metropolitan areas. Sternlieb and Hughes concluded in 1983 that central cities were no longer the growth nodes for American society. Rusk’s *Cities without suburbs* (1993) highlighted the greater economic stability for central cities that had more expansive boundaries that permitted them to include the suburban communities with areas with older neighbourhoods. In contrast those cities with more limited geographic boundaries would be destined to experience far more dramatic challenges. The industrial age had lasted for a century, but now people and
cities were being asked to adjust to a new set of changes within a generation and a half. Communities, leaders or residents had never before experienced this rate of change. These changes have had extraordinary geographic implications, including the creation of polycentric urban regions with numerous job centres and even multiple downtown areas. In some metropolitan areas, suburban areas built their own town centres or downtown areas to compete with those found in traditional central cities.

Central cities across North America have been challenged by a phenomenon of socioeconomic restructuring, the polarisation of social intercourse, and corporate and household relocations. The movement away from monocentric forms of urban space to a polycentric structure with multiple job centres accelerated a widening gap between the rich and poor and between central and suburban cities. As metropolitan regions become more polycentric, smaller but more abundant downtown centres formed in independent suburban cities. Furthermore, with the world becoming more interconnected through the newest technological innovations and economic integration, it is no longer necessary for individuals or firms to locate in any one city. Maintaining a company’s manufacturing factories and operations in one centralised location has become obsolete. Between 2007 and 2010, job location and employment change for jobs in manufacturing and construction have declined by 20 and 30 per cent within 35 miles of downtown centres in 100 of the largest metropolitan areas (Kneebone, 2013).

Polycentric urban forms have had rapid and dramatic implications for urban centres. Wilson (1996) notes one tragic consequence has been the loss of jobs for inner city residents. While poverty has always been linked to central cities, within the last decades there has been a disappearance of ladders of opportunity and the loss of tax revenue. Central cities must envision new responses to poverty and joblessness. Squires (2002) summarised the effects noting:

Between 1950 and 1990, metropolitan areas expanded from 208,000 square miles housing 84 million people to 585,000 square miles housing 193 million people. Population in these communities grew by 128 percent while the land area on which they resided grew by 181 percent . . . More significant than these demographic shifts is the growing inequality associated with spatial developments. In 1960, per capita income in cities was 105 percent of their surrounding suburbs. By 1990, that ratio fell to 84 percent . . . Cities tended to gain lower-income households and lose upper-income residents.

(pp. 5–6)

If central cities are to reverse economic segregation, social and economic activity within their deteriorating urban space has to be enhanced. Central cities can no longer depend on revenue infusions from state governments that face their own fiscal challenges. Suburban governments are also not inclined to share revenues with central cities. As a result, central cities now have to develop their own policy responses to the challenge of generating revenues and new theories are needed to guide these efforts.

These observations sustain a theory of economic decentralisation that, in Kaplan’s (1973) terms, creates another regrettable or unfortunate set of outcomes (or ‘habits’). As revenues decline, a city cannot provide residents with the quality and quantity of urban services needed. The deterioration of urban services is an issue all too familiar to residents of many central cities and the businesses that struggle to remain in those communities. To respond to the loss of economic activity, central cities must forge partnerships with capital that produce the revenues needed to pay for needed urban services (Rosentraub, 2014). Can sports help reverse undesirable outcomes from economic decentralisation?
How does a central city amid decentralising economic patterns attract or deflect regional economic activity back into its taxing borders? What activity attracts a large number of visitors each and every year and is also an activity that suburban cities cannot duplicate or also offer? An answer is sports.

Cities tried festival marketplaces to bring economic activity back into central cities long after the era of classical downtown department stores ended. But those efforts were easily duplicated by suburban cities. Some central cities tried to popularise their downtown areas without changing the mix of amenities, but those efforts were also duplicated as suburban cities built or renovated their own town centres or built lifestyle retail centres that offered an antiseptic if ‘faux downtown’.

Ballparks hosting MLB teams attract more than 2 million visits each season. An arena can be expected to generate a million visits if (a) it is home to either an NBA or NHL team (or both), and (b) also hosts numerous other entertainment events (concerts, family shows, etc.). A stadium home to an NFL team can be expected to enjoy 700,000 visits each season. If several of these venues are located near each other, it is not unreasonable to expect 4 million visits to an entertainment district. If a city could reliably expect several million visits each year to a specific part of its downtown area, how could the surrounding real estate be developed to produce profits for a team’s owner and new tax revenues for a city? The answer to that question drives the research that is establishing a new theory for sport management.

Major league spectator sports do not substantially change regional economic development levels. But sports do change where in a region economic activity occurs. If that activity produces new tax revenues for a city striving to deflect wealth back into its borders – and the revenues received exceed the costs of an investment – then sports can enhance a city’s budget. If a city strategically uses sports for anchored development projects rather than stand-alone facilities, sports can enhance urban revitalisation efforts by relocating regional economic activity. Nelson (2002) and Rosentraub (1997) were among the first to assert and demonstrate that locating major league stadiums in a city’s central business district could make a difference in changing the distribution of economic wealth and had the potential to enhance revenue streams for a central city. What would define whether or not there was a positive or net increment to a central city’s revenue portfolio would be determined by the structure of the financial planning for the new venue. If the central city’s taxpayers invested more than they received in new revenues, the net return would be negative. If, however, there were investments by other governments and a plan for new real estate development was implemented, a central city could enjoy new revenue growth. Why would teams be interested in locating in downtown areas when large numbers of their fans live in suburban areas?

First, downtown areas are often at the juncture of numerous transportation links. This means access to venues can be easily accommodated. Second, downtown areas often have the space that offers teams the ability to develop complementing real estate that has the potential to substantially increase the leveraged profits a franchise can produce. Those revenues are not subject to any form of revenue sharing with other owners or players. Third, development styles that emphasise ‘new urbanism’ can be easily adapted to and be included in remaking or revitalising a downtown area. New urbanism has become increasingly popular and underscored by the creation of new ‘lifestyle malls’ and town centres in suburban cities.

As defined by the founders of the Congress for the New Urbanism (CNU, 2014), new urbanism ‘stands for the restoration of existing urban centers and towns within coherent metropolitan regions, the reconfiguration of sprawling suburbs into communities of real
neighbourhoods and diverse districts, the conservation of natural environments, and the preservation of our built legacy.’ Some of the most relevant principles include:

Architectural design[s that] shall [be] derive[d] from local, time-honored building typologies. Building shells must be designed to be enduring parts of the public realm. The balance of jobs, shopping, schools, recreation, civic use, institutions, housing, areas of food production and natural places shall occur at the neighborhood scale, and with these uses within easy walking distances or easy access to transit.

(Congress for the New Urbanism, Canons of Sustainable Architecture, 2014)

These broad principles, subject to the creativity and interpretation of urban designers, planners and architects, have resonated with consumers (Song and Knapp, 2003). Restoring downtown areas into mixed-use developments anchored by sports facilities has generated communities in high demand (Cantor and Rosentraub, 2012; Freshwater, 2014; Reindl and Gallagher, 2014), even in cities with declining population levels.

There are a growing number of studies about the influence of sports venues on property values that suggest a new theory is evolving or has emerged (in Kaplan’s, 1973, sense or view of epistemology). Reviews of that literature have to consider the extent to which the venue is part of the neighbourhood concept that emphasises principles of new urbanism. Some arenas, ballparks and stadiums have not been incorporated into a neighbourhood plan and therefore it would be anticipated that those venues might have a very different effect on the performance of real estate values. Tu (2005) looked at the short- and longer-term effects of FedEx Field (Washington Redskins). While that venue was not part of a master-planned new urbanism neighbourhood, the venue did have a positive long-term effect on home values. AT&T Stadium in Arlington, Texas (Dallas Cowboys), a spectacular venue, was also not incorporated into any neighbourhood, and Dehring, Depken and Ward (2007) found that average property values declined by 1.5 per cent. Such an outcome was hardly surprising given the failure to include any ideas or buildings that would be considered part of a new urbanism approach or development. Ahlfeldt and Maennig (2010) also found positive effects from sports arenas on land values in Berlin, even when the venues were not part of a new urbanism community. Feng and Humphreys (2012) established that median house values in census blocks located closer to a venue were statistically higher, especially in Columbus’ Arena District. The area surrounding the Nationwide Arena can be considered one of the most successful applications of new urbanism to sports-anchored development. San Diego’s Ballpark District, the downtown area adjacent to the Staples Center and LA LIVE, Cleveland’s East 4th Street, and downtown Denver are other examples of the linkage of sports venues to the concepts of new urbanism. In each instance, the gains for central cities are evident.

Huang and Humphreys (2014) used data involving fifty-six venues to continue researching the effects of sports venues on real estate development. This very important study, however, did not separate new urbanism communities from those efforts where a sports venue was simply built in a downtown or inner city area without any attention to a detail master plan. As many urban planners would note, in any area with decentralising tendencies failing to have an effective plan, it would be unlikely to see positive changes that would be otherwise detailed in master plans that adhere to the principles of new urbanism. Joining the two different approaches (those with and without a master plan adhering to principles of the new urbanism) is destined to find far less effects from sport venues. Along with presenting evidence that stand-alone facilities and venues that are not part of integrated plans are less likely to have an effect on real estate
development, Huang and Humphreys suggest that sports venues have far less effect on real estate values. Their work stands in sharp contrast to insights offered by Cantor and Rosentraub (2012) in their study of San Diego’s Ballpark District.

Evidence from case studies

Too few studies concerning the effects of sports venues on downtown development and central city finances exist to sustain a theory. Sufficient evidence, however, does exist to suggest important insights have been identified to warrant and orient future research. Indeed, a goal of this chapter has been to identify an emerging new theoretical framework that can guide the practice, teaching and study of sport management. We turn to two case studies to illustrate outcomes that have been valuable for teams and cities.

Indianapolis

No city was as focused on sports (combined with culture and entertainment) for a master-planned redevelopment of a downtown area as Indianapolis. Indianapolis’ plan emphasised many of the principles of new urbanism, including the incorporation of historical facades and buildings into its revitalisation efforts. The plan was conceived in the early 1970s and then carefully followed by four different mayors (three Republicans and one Democrat). The City/County Council supported the strategy through periods of both Republican and Democratic majorities and leadership from the Black and White communities. A total of $11.6 billion (in constant 2013 dollars) was invested in the downtown area in an effort to confront the decentralising trends common to most central cities. Investments were made by Indianapolis, the suburban counties surrounding the city, Indiana, and the non-profit sector (Lilly Endowment). The private-sector investment accounted for slightly less than half of the funds committed to the revitalisation strategy. Slightly more than a third of the total investment was from Indianapolis. The original stadium (Hoosier Dome) and arena (Market Square Arena) have been replaced by second-generation venues, illustrating Indianapolis’ on-going commitment to the downtown strategy. What has Indianapolis gained?

Indianapolis has been able to slow decentralisation trends, but decentralisation has not been abated. Manufacturing positions and jobs in wholesale trade migrated to suburban areas (to take advantage of lower land prices). Finance and insurance jobs were retained in the downtown area even as some information sector jobs relocated. Yet, in 2002 there were 42,464 private-sector jobs in the downtown area; in 2011 there were 40,922. A loss of 3.6 per cent of the private-sector job base in the downtown area is an accomplishment as the downtown area is still home to a large employment base (95,013 workers). In 2002 there were 79,708 workers in the downtown area. Why did the total number of jobs increase? Downtown Indianapolis is home to a large complex of hospitals associated with Indiana University, the growing campus of Indiana University-Purdue University Indianapolis, and Indiana’s state government complex. These employees generate income and sales taxes for Indianapolis. In summary, then, relative to employment levels, the revitalisation strategy has encouraged on-going employment opportunities that sustain a level of vitality for Indianapolis and its downtown area.

The number of people living in the downtown area has almost doubled since 1990. There are now approximately 28,000 people living in downtown Indianapolis and almost 500 homes were bought in the past two years (Rosentraub, 2014). There are other factors, despite decentralising trends, that have complicated Indianapolis’ strategy or success. First, suburban cities have aggressively joined the effort to create their own downtown centres that are committed
to the principles of the new urbanism. Downtown Indianapolis has to compete with suburban cities trying to offer the same urban experience in the midst of economically homogenous areas. Second, the venues built in downtown Columbus, Cincinnati and Louisville are sufficiently close to Central Indiana and those venues compete for events that at one time always played at Indianapolis’ arena. With fewer events coming to downtown Indianapolis, maintaining the financial viability of the arena and other amenities has become more difficult. While imitation (by other central cities and suburban areas) is indeed a salute to Indianapolis’ early success, too much duplication has weakened Indianapolis’ market position. The sustained vitality and success of downtown Indianapolis, however, does illustrate what a detailed plan, embracing precepts of new urbanism and anchored to sports venues, can achieve.

**San Diego**

Without a substantial commitment from the owner of the San Diego Padres to develop the area now known as the Ballpark District, there would be no partnership with the public sector for a new venue. John Moores agreed that, through his company, more than $450 million of new development would take place in the Ballpark District. At the end of the building process more than $2.87 billion was invested in the area. More than 3,000 market-rate residential units were built in the Ballpark District. In 2000, throughout all of downtown San Diego there were 16,000 residential units. The City now anticipates 53,000 units will exist by 2030. While the Ballpark District is the location for only a portion of these residences, its success has helped transform downtown San Diego in ways that few anticipated. To join the Ballpark District partnership, the City of San Diego also required that the team owner build 1,000 hotel rooms. By 2012 more than 1,200 new hotel rooms were added in the Ballpark District. The Ballpark District adhered to many of the principles of the new urbanism and is location of a new urban park and numerous other amenities. These amenities help sustain property values even during the recession when other communities in Southern California suffered through a severe collapse in housing prices and homeowner equity (Cantor and Rosentraub, 2012).

The extraordinary success of the Ballpark District and the property taxes generated, however, became a focal point for statewide debate. When the plans for the Ballpark District were formulated, few envisioned that it would be as successful as it became. The idea of using sports venues to anchor urban development was in its infancy, and in an era when any notion that sports could enhance a city’s finances, it was believed that the ballpark district plan could be a new gimmick on the old game of getting subsidies for sports venues. The new property taxes that would be generated were transferred to the Centre City Development Corporation, not the City of San Diego. Assigning new taxes to authorities had been a usual practice with the objective of ensuring that some money would exist to help sustain infrastructure and seed other projects.

As the Ballpark District’s success grew, the funds accruing to the development corporation grew. Those funds continued to grow even as the financial challenges for the City of San Diego increased as a result of unfunded liabilities for its pension funds. Rather than seeking support to transfer funds from the development authority to the City’s general revenue fund, a political crisis emerged. In effect, the City of San Diego had made an investment in a ballpark that anchored development. But that development produced revenue for another entity. Jerry Brown adopted this issue in his campaign for the governorship of California and today the former development authority is now part of the City of San Diego’s Civic San Diego. San Diego now receives all property taxes and can use those revenues to meet any of its needs, including the facilitation of the future development of downtown San Diego. Putting aside the administrative issues...
associated with the use of development authorities, what is critical to this chapter is that the Ballpark District, anchored by PETCO Park and built with a master plan adhering to new urbanism principles, was quite successful (Cantor and Rosentraub, 2012). Its success offers a blueprint for other communities regarding what should be done if indeed sports venues are to enhance urban space and the finances of central cities.7

An agenda for a new theory of economic development and sport management

Epistemologists correctly note that substantial empirical work is required to sustain a relationship as a theory. That standard was met with regard to the role of sports in regional economic development and for the effects of economic decentralisation on central cities. Important insights into the effect of sports on repositioning regional economic activity – to the advantage of central cities – exists. Far more work is needed, however, to sustain the position that venues as part of master planned new neighbourhoods emphasising elements of the new urbanism can benefit teams and central cities. Yet sufficient evidence does exist to suggest that future students and researchers focused on sport management have to broaden their focus and recommendations to community leaders and team owners.

Notes

1 This work is a reflection and extension of Rosentraub’s (1997) book, Major league losers.
2 The National Basketball Association (NBA), The National Football League (NFL), the National Hockey League (NHL) and Major League Baseball (MLB) constitute the four older leagues. A newer league, Major League Soccer (MLS), has not yet established a market position similar to the one enjoyed by the other leagues.
3 It has been argued that only if anti-trust laws and regulations were applied to the sports leagues could the public sector, taxpayers and fans be protected from the excesses resulting from the free-market protections available to teams (Rosentraub, 1997; Kennedy and Rosentraub, 2000). Political and legal battles to change or apply anti-trust laws are not needed. Within the existing structure and system, as it will be argued, the public sector can use real estate development practices to achieve returns that produce very desirable outcomes.
4 Employment data were calculated from information available from the US Bureau of the Census’ online database, On The Map.
5 It could be argued that the State of Indiana would have employed people in the downtown area, as would have Indiana University hospitals, even if there were no effort to revitalise the area. Indeed, that is a possibility. It cannot be determined if leadership of those institutions would have been as focused on the downtown area if deterioration trends had continued. It is possible that if the area continued to decline patients would have been reluctant to venture downtown and that Indiana would have spread its government offices into suburban areas. The observation that state governments and universities would remain in downtown areas regardless of development patterns or trends is beyond the scope of this chapter. It is appropriate, however, to recognise that different outcomes could have resulted.
6 www.sandiegodowntown.org/flash/development.pdf
7 www.civicsd.com/

References


Applying Rosentraub’s economic development theories

Laura Misener

I became aware of the work of Mark Rosentraub as I was preparing my dissertation proposal and my comprehensive exam-reading list. As an emerging critical scholar, I was struggling with the ways in which sport was uncritically being held up to such acclaim in the urban development context as a driver of civic and economic growth. I admired the work of the critical urban scholar Jane Jacobs (1969, 1984, 2000) for advocating for the mindful development of cities and the empowerment for citizens to become advocates for their place in these development activities. It appeared to me from my work on urban sporting projects that there was often a lack of this type of thoughtful development when it came to context of sporting developments. I then read Mark Rosentraub’s book, *Major league losers: The real costs of sports and who’s paying for it* (1999). Herein, I was drawn into this work critiquing the ways in which cities were co-opting urban space in the name of sporting developments for so-called economic gains, without taking account of the social and community-based milieu of these environments. In particular, I was attracted to the complex understanding of sport and economic development as not merely a commodity-based activity befit to urban elites, but how there was a complex interplay in the social, political and economic structures of sporting developments that was often poorly understood by those in the sport sectors. However, in this I still felt that there was more to be understood about the ways in which cities could effectively utilise sport as a driver of development if connected intimately to the social, community and political structure driving the process. Most importantly, as my work on sporting events and urban development has emphasised, community-centred values and citizen input need to be at the centrepiece of these development-related efforts, which has been the foundation to all of my work on sport and urban development.

Dr Rosentraub’s follow-up book, *Major league winners: Using sports and cultural centers as tools for economic development* (2009), drew together the theoretical insights about the cultural value of sports for development with the need to be mindful of citizen rights and responsibilities in the process. The theoretical approach to sport-driven urban economic development remains a central part of my research programme aimed at ensuring that sport events are not merely ‘Spectacle’, but rather become intimately intertwined with the political, economic and social factors that shape the developments (Misener and Mason, 2008, 2009). From this perspective, I also ensure that my students understand the value of interdisciplinarity in their work. Much of Dr Rosentraub’s work has demonstrated the need for sport managers to understand the nuances of politics, architecture, governance, finance, media relations and tourism. It is only through these complex theoretical lenses that we can ensure that sport and our sport-related research remains critically connected to the context in which these sporting practices occur. Hence, my future work focuses on those often excluded from the development-related projects and aims to ensure greater levels of accessibility are apparent in sporting and urban economic developments.

Note

1 Laura Misener is with the Faculty of Health Sciences at the University of Western Ontario.
References