TH9.15.12 Please Sir I Want Some More: An Application of Public Choice Theory To A Community's Investment In Professional Sports

Presenter: Stephanie Gerretsen, University of Michigan (sgerrets@umich.edu)
Authors: Stephanie Gerretsen, University of Michigan; Mark Rosentraub, University of Michigan

Policy analysts have warned communities that teams do not change regional economies, but in the last few years Atlanta, Edmonton, Milwaukee, Minneapolis, Oakland, and San Diego have all invested in new venues to retain their teams. Even when referenda have failed in the past, elected officials have found ways to ensure that a venue was built. Social scientists have relied upon regime/growth coalition theory to explain why regions use taxes to retain teams. It is often argued that the decisions made to use tax money are undertaken to placate an elite/regime that seeks to enhance its assets. It is possible community leaders and residents place extra value on the presence of a team and the perceived bundle of intangible benefits that result. The work of political scientists and economists who framed part of public choice theory envisioned communities with different mixes of publicly available services and amenities and different prices (taxes). Those areas with more amenities likely levy higher taxes to ensure the presence of those merit goods. In that sense the decision to ensure a team's presence by increasing taxes is rational and conforms to the logic of public choice theory. This paper measures the use of tax dollars relative to measures of market wealth to understand the extent to which subsidies can be explained by public choice or regime theories. If markets with lower levels of private market potential are where taxes are passed to ensure a team's presence, then public choice could explain the outcome. If, however, a market with no or little stress also uses a tax then regime theory may well explain the outcome. Data for 45 markets in the United States will be used to test the explanatory effect of both theories to explain the use of taxes to ensure a team's presence.

TH9.15.12 Authorities, Sport Venues, and Real Estate Development

Presenter: Mark Rosentraub, University of Michigan (msrosen@umich.edu)
Authors: Michael Cantor, Sterling Project Development; Mark Rosentraub, University of Michigan

Teams, arenas, ballparks, and stadia reposition some economic activity. As central cities compete to retain employment centers and wealthier households, sport-anchored mixed-use developments have become effective in moving economic activity. Why? The leagues control the supply of teams. If a city can attract a team and ensure that a venue anchors private sector investment, an amenity exists that suburban cities cannot duplicate. Suburban cities have built faux downtown centers and other amenities to attract and retain higher income households. Polycentric metropolitan regions create tax competition between older central cities and their suburbs. This has led to a concentration of a region's higher income households in the suburbs. There is little support for consolidations to increase economic integration. With states straining to meet pension and other financial responsibilities there is less shared revenues. Central cities have to compete to sustain their own-source revenues. Spectator sport and the neighborhoods that can be built around venues can be an asset. Special districts and innovative administrative structures are needed to support public/private partnerships that involve a team and its affiliated real estate development. For a city to secure appropriate financial returns on its investment in a partnership a flexible organizational structure is needed. If investment returns fail to match public sector expectations then the tax dollars committed become a subsidy. A real public/private partnership

produces benefits for a team's owner and the public sector. This paper details the lessons learned from the use of public authorities for real estate development anchored by sport venues. A typology of the range of choices describes available options. A detailed focus on the three authorities identifies the options and choices available to other cities. The effects of the authorities are discussed in the last section.

TH9.15.12 Stadium Centered Redevelopment in Minor League Cities

Presenter: Eric Joseph Van Holm, Georgia State University and Georgia Institute of Technology (EricVanHolm@gatech.edu)
Authors: Eric Joseph Van Holm, Georgia State University and Georgia Institute of Technology

Minor league baseball stadiums have become a focus of urban redevelopment efforts across the country, with mixed success. In 2000, Louisville, Kentucky and Dayton, Ohio opened minor league baseball stadiums in their downtown's attempting to revitalize stagnate communities. Since then, the area surrounding Louisville's stadium has seen a renaissance while Dayton's downtown remains largely unchanged. Sitting only two hours apart, which similar metro populations and facing the same postindustrial challenges, what has led these two stadium projects to such different outcomes? Based on archival data, observations, and interviews, I conduct cases studies on both cities in order to understand how the prior conditions of the neighborhoods, the stadium itself, and policies following construction influenced these differing fates. A stadium located in an urban area without unrealized redevelopment potential is unlikely to succeed, even with the capital invested directly through the stadium project. I hypothesize that it is the pairing of underutilized resources and private investments, brought together by the stadium construction that contributes to an areas redevelopment.