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Atlanta Stadium for Falcons Prompts Bond Fight.

Home Depot Inc. co-founder Arthur Blank, having bought the Atlanta Falcons, is getting help from the city to build a $1.2 billion football stadium to replace a venue that a skeptic noted is barely older than Miley Cyrus.

The billionaire said his ambition to bring another Super Bowl to town rides on replacing the Georgia Dome, which opened in 1992, with funds including $200 million in taxpayer money. Neighborhood critics say a city-adopted plan unfairly burdens residents of two predominantly black neighborhoods. Vine City and English Avenue are areas steeped in the city's civil rights history, and where the Reverend Martin Luther King Jr. brought his family to live in 1967.

The project calls for demolishing the city's first black Baptist church, and turning the street named after King into a dead-end for stadium VIP parking.

A group of community leaders, including three activists and a retired Baptist minister, won a court ruling in February allowing them to intervene in the city's bond process. Yesterday, in state court in Atlanta, they argued against the city's financing plan.

Superior Court Judge Ural Glanville limited the arguments to the bonds and barred testimony about the stadium's potential impact on the neighborhoods. He didn't issue an immediate ruling.

"It's not that these are not important issues," Glanville said at the start of a six-hour hearing. "It's just that what I can consider in a bond validation hearing is limited."

Economically Obsolete

Georgia law requires court approval before government general-obligation revenue bonds can be issued. The judge will weigh whether the bonds, backed by hotel taxes, are valid.

"It's not too hard to be skeptical about this, when you have a stadium only two months older than Miley Cyrus being declared economically obsolete," said Victor Matheson, a professor and sports economist with the College of the Holy Cross, in Worcester,Massachusetts, referring to the 21-yea--old singer. "This is the youngest stadium to be abandoned that I can think of in recent memory."

The group taking the city to court says that under the right circumstances, it doesn't oppose a new home for the National Football League team. It says pledges made before the Georgia Dome opened weren't kept.

"We were promised back then that we would be made whole, and not a dime was available for poor folk," William Cottrell, ex-pastor of the 125-year-old Beulah Baptist Church in Vine City, said of the city's vow to invest millions of dollars into the neighborhood when the Georgia Dome was being built about 22 years ago. "We're not going to let them do that this time without some problem."

Hotel Tax

The residents' legal argument hinges on the claim that extending the city's hotel tax to repay the bonds unconstitutionally turns a general law, applicable statewide, into one governing a single project. The city says in court filings that the bonds are authorized by state law and the plan's use of 39 percent of the hotel tax is appropriate.

A neighborhood-impact study requested by the objectors is unnecessary, the city's lawyers said March 27 in court papers.

No Witnesses

Attorneys for the city called no witnesses during yesterday's hearing, telling Glanville that he could decide the case on the evidence presented in court filings. Glanville refused to allow lawyers for the residents to call witnesses from the community.

"We were disappointed our witnesses were not allowed to show the human side of this," Thelma Wyatt Moore, a retired state court judge who represents the challengers, said after the hearing.

Glanville's decision to exclude impact testimony could be grounds for appeal if he validates the bonds, Moore said.

Douglass Selby, an attorney for the city, countered that the neighborhood activists had other avenues to challenge the stadium's impact, including administrative appeals.

"The law is very clear on what the bond validation process is for," Selby said.

The new stadium is expected to create more than 1,400 jobs and bring in $155 million in annual revenue, according to the city.

Blank's pursuit of a new stadium has been at least eight years in the making. He proposed a revised financial arrangement with the state's stadium operator in 2006, citing the need to compete with other teams.

Remodeling Job

The ex-Home Depot chairman told the New York Times in 2012 that the Dome, then 20 years old and the site of Super Bowls in 1994 and 2000, wasn't right for a remodeling job.

Blank, like some other team owners seeking public funding, suggested he would go elsewhere, as did the Atlanta Braves baseball team, which is leaving for the city's northern suburbs.

In January 2013, in discussions with the City Council, Blank said he had been courted by Los Angeles business leaders about moving there, the Atlanta Business Chronicle reported.

Less than two months later, Atlanta approved a financing deal to replace the Georgia Dome about two miles west of downtown.

Blank's wealth is an estimated $1.8 billion, according to Forbes magazine's list of the richest Americans. He bought the Falcons in February 2002 for $545 million and owns the Georgia Force, an Arena Football League team.

Big Events

He has said the city needs a new stadium to attract a Major League Soccer team as well as big events, including the National Football League's Super Bowl and soccer's World Cup.

The stadium bonds would be issued by the Atlanta Development Authority and repaid through the hotel tax. The City Council also agreed to dedicate hotel tax revenue beyond the bond payments to operating the new publicly owned stadium.

That might generate an additional $900 million over 30 years, the neighborhood challengers said in court documents citing the bond filing. Although the stadium will be state-owned through the Georgia World Congress Center Authority, the Falcons will operate it and keep stadium revenue under a licensing agreement that requires the team to pay an annual rent of $2.5 million.

"We have full confidence that our partners at the city, Invest Atlanta and the GWCCA will appropriately handle these challenges," Kim Shreckengost, a spokeswoman for AMB Group LLC, the Falcons' parent company, said in an e-mail, referring to the Georgia World Congress Center Authority.

$15 Million

The Arthur M. Blank Family Foundation has committed to investing $15 million to improve the quality of life in neighborhoods around the stadium in addition to $15 million from the city, she said.

"We also hope to leverage additional public and private funds in our efforts," she said.

City Council President Ceasar Mitchell said he supports re-examining the financing after community groups called for reversing of votes of approval. He said he'll support "any necessary" changes in the agreement.

U.S. cities are on the hook for at least $10 billion of sports stadium bonds, with at least one-fourth for the NFL, according to data compiled by Bloomberg.

The numbers are forcing Atlanta and other cities, including Tampa, Florida, and Oakland, California, to weigh the cost of subsidies and community opposition against the political and economic win of retaining professional sports teams that explicitly or implicitly threaten to leave town.

Fearing Loss

"When the fear is really losing the team altogether, people tend to buckle," Matheson said.

The stadium-plan opponents think they can reverse the city's decision or delay the project indefinitely, forcing renegotiations, said John Woodham, an attorney who represents the neighbors with Moore. They will appeal if they lose Glanville's ruling, he said.

The stadium is to be built next to the Georgia Dome and completed in 2017.

The plans for Martin Luther King Drive essentially isolates English Avenue and Vine City from the rest of downtown, Moore said.

"This project in its concept and configuration is shoving out the community and turning its back on the community," she said. "The community should share in the bounties that are being conferred on

the Falcons. We have no opposition to a stadium under the right circumstances."

Vine City

Settled in the 19th century by large landowners, the neighborhoods on the western edge of downtown Atlanta began with segregated subdivisions, schools and churches.

Herman Cain, who sought the Republican nomination for president in 2012, went to school on English Avenue, according to the Vine City Health and Housing Ministry. The civil rights leader Julian Bond, the first president of the Southern Poverty Law Center, who also served seven years in the Georgia Legislature, also lived in the neighborhood.

Bond's son, Michael Julian Bond, an Atlanta City Council member, voted for the stadium plan.

"We didn't have any leverage to force them to agree to anything," Bond said in a phone interview, referring to the team. "We can ill afford to lose the team."

The city did nothing wrong in its financing deal, Bond said.

Groundbreaking on the new stadium is to take place in May, said Jennifer LeMaster, a spokeswoman for the World Congress Center Authority.

Retractable Roof

The eight-sided stadium will have 71,000 seats, about the same as the Georgia Dome, with a transparent retractable roof and upper concourse windows that can be opened to create the feel of an outdoor facility, according to plans unveiled in October.

The center is overseeing construction of the stadium and is establishing new personal seat licenses to be marketed by the Falcons with the revenue contributed to the public-financing portion of the stadium costs, according to bond documents.

The legal challenge won't affect construction plans, LeMaster said. "The project is on schedule and substantive construction work is already under way," she said.

More than two decades after the Georgia Dome's birth, the neighborhoods still need low-income housing, a parish nurse and a community school, said Cottrell, the ex-Vine City pastor. Jobs for local residents at the stadium would be a bonus, he said.

Braves' Move

Atlanta approved the football stadium plan without extending similar support to Major League Baseball's Braves, whose Turner Field was built for the 1996 Summer Olympics.

The Braves in November announced plans to build a $672 million stadium in suburban Cobb County. The 42,000-seat venue will be paid for in part with $450 million in public funds, Reed said in November. The city was unwilling to use public money for a new stadium and wished the Braves well in their future home, the mayor said.

The city couldn't afford to finance two deals at the same time, Carlos Campos, a spokesman for the mayor, said in an e-mail.

“It has nothing to do with choosing one team over the other, ” Campos said. “Cobb County offered the Braves more than we were willing to provide.”

The case is Georgia v. Atlanta Development Authority, 2014-cv-242035, Superior Court, Fulton County (Atlanta).

By Sophia Pearson and David Beasley Apr 10, 2014 9:01 PM PT

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