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Kicking the Taxpayers to Boost a Soccer Stadium.

Los Angeles wants to use antipoverty funds for development around a private arena. Is that any way to help the poor?

Most people outside of the University of Texas at San Antonio have probably never heard of one of its professors, Heywood Sanders, but taxpayers across the country owe him a debt of gratitude. For years Sanders has shined light on questionable state and local investments in convention-center development. Now he's turned his attention to Los Angeles' effort to get low-interest federal loans for a private sports complex development.

In his work on convention centers, Sanders has highlighted a process that repeats itself across the country: State and/or local government officials propose to build or expand a convention center, claiming the tab will be picked up by hotel taxes and other fees paid by visitors. Consultants are engaged who invariably conclude that the project will be an economic windfall.

Yet once the center is built or expanded, its economic impact is almost always a fraction of what was projected. The next time the consultants are called upon to evaluate a similar project, they ignore the trail of past failures and again tout it as an engine of economic growth. Sanders' work is beginning to bear fruit. Last year, Massachusetts Gov. Charlie Baker pulled the plug on expanding the Boston Convention & Exhibition Center.

Now Los Angeles has applied for a $22.5 million Department of Housing and Urban Development loan to help develop a conference center, restaurants and a soccer museum as part of a project anchored by a major-league soccer stadium. The Section 108 Loan Guarantee Program is meant to fill small funding gaps in development projects in return for a promise to give up to 51 percent of jobs the project creates to low-income populations.

Of course, lost in this scenario is the basic premise that just building the stadium is what's supposed to attract businesses.

Section 108 loan guarantees are designed to be an anti-poverty program. But in this case, the loan appears to be a last-ditch effort to save a $250 million stadium project without blowing a hole in the city's debt capacity. If that strikes you as neither fiscally prudent nor an effective way to help the poor, you're not alone. "If you had a spare $25 million [in anti-poverty resources] laying around, would you put it towards a stadium?" Sanders told Equity Factor, a blog published by the nonprofit Next City.

As Roger Noll, an economics professor at Stanford University and former member of the President's Council of Economic Advisers, points out, the seasonal nature of sports means stadiums don't generate enough tax revenue to merit public investment. Economic impact also tends to be contained in a very concentrated area around the facility. Some argue that high-paid athletes will spend money in the community, but most tend to leave when the season is over.

Heywood Sanders' work has taught us, once again, that state and local government officials should approach stadium and convention-center developments with skepticism. If the goal is to promote economic development, with a particular focus on low-income populations, propping up sagging private developments is hardly the best way to achieve it. Among the many better approaches would be to focus investments on improving the poor condition of basic infrastructure that is choking off economic growth and making the hard decisions — financial and otherwise — needed to improve public education.

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BY CHARLES CHIEPPO | SEPTEMBER 6, 2016