

## Urban Stadia: Why Cities Win the Development Game



HR&A

Fall 2004

**BTEANYC** The Voice of  
Construction  
Building Trades Employers' Association

## Overview

Assignment

Methodology

Case Studies

Conclusions

## The Assignment

The BTEA, NYBC and BCTC asked HR&A to:

- Explore why some stadia have not stimulated such benefits
- Examine why some stadia have provided economic benefits to their cities
- **Determine if New York's proposal is likely to produce substantial benefits**



## The Assignment

**The New York Sports and Convention Center will produce substantial economic benefits.**



## The Assignment

**Due to the prevalence of stranded investments elsewhere, some suggest that the City's proposal is unwise because:**

Large sports facilities do not produce economic benefits to cities

Downtown facilities rarely provide the catalyst for redevelopment and may even hinder redevelopment

The sports franchises are among the only beneficiaries

The public has more productive investment opportunities

# The Assignment

Many unsuccessful are stranded investments because:

**Isolated in a sea of parking**



**Severed from urban fabric**



**Seeking to stimulate moribund economies**



**Lacking in necessary amenities**



**Absent abutting development parcels**



## The Assignment

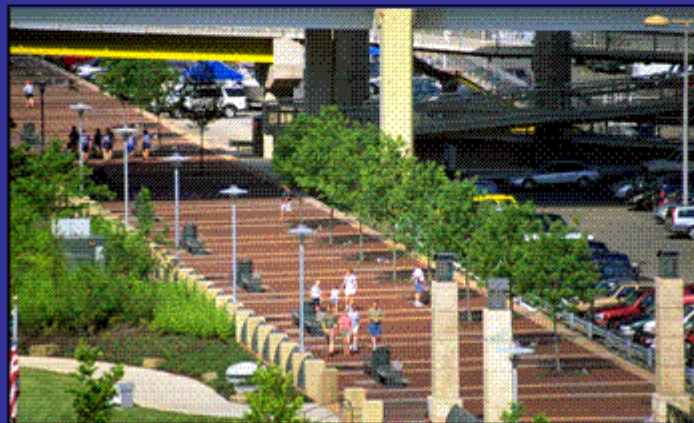
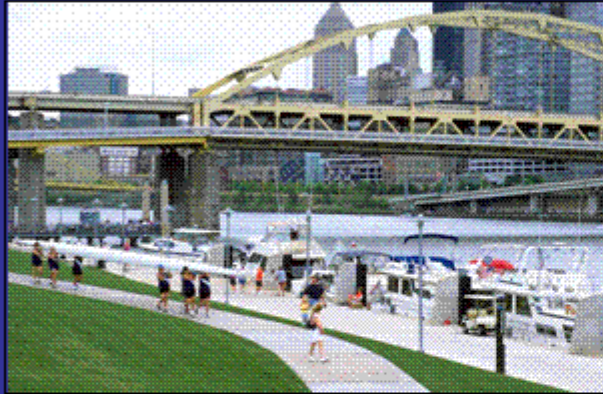
However, in certain instances stadia have produced positive economic benefits by attracting development:

*They energize districts...*



## The Assignment

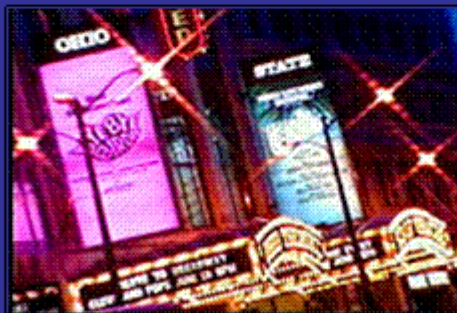
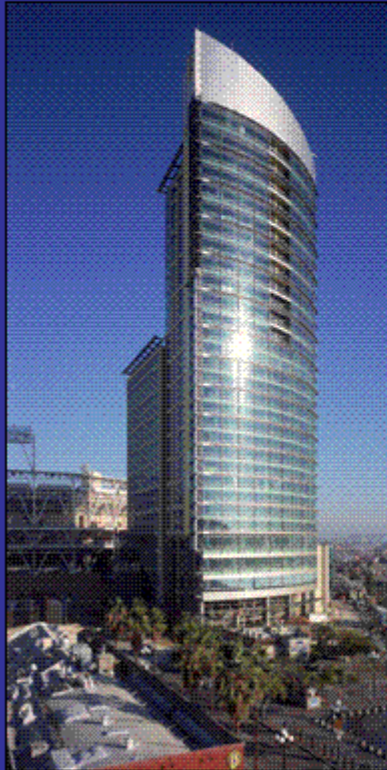
*Spur critical investments in public infrastructure...*





# The Assignment

*Release pent-up demand for development...*



## The Assignment

**Stranded stadium developments exhibit the following common traits:**

Launched without any coherent plan to stimulate adjacent development



Charlotte

## The Assignment

**Stranded stadium developments exhibit the following common traits:**

Surrounded by surface parking lots which prevent adjacent development



Miami

## The Assignment

**Stranded stadium developments exhibit the following common traits:**

Lack of adequate pedestrian or transit connections to urban core



Cincinnati

## The Assignment

**Stranded stadium developments exhibit the following common traits:**

Not supported with amenities such as greenways and parks



Detroit

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## The Methodology

**To determine if the NY proposal is likely to fail or succeed, the study team:**

- Reviewed the arguments of scholars/analysts
- Reviewed stadium projects that failed and succeeded in attracting development
- Heard from experienced designers and developers
- Drew from our own knowledge of redevelopment and work in urban revitalization
- Conducted Case Studies of successful stadia
  - ✓ Literature Review
  - ✓ Interviews with local professionals and stakeholders



## The Methodology

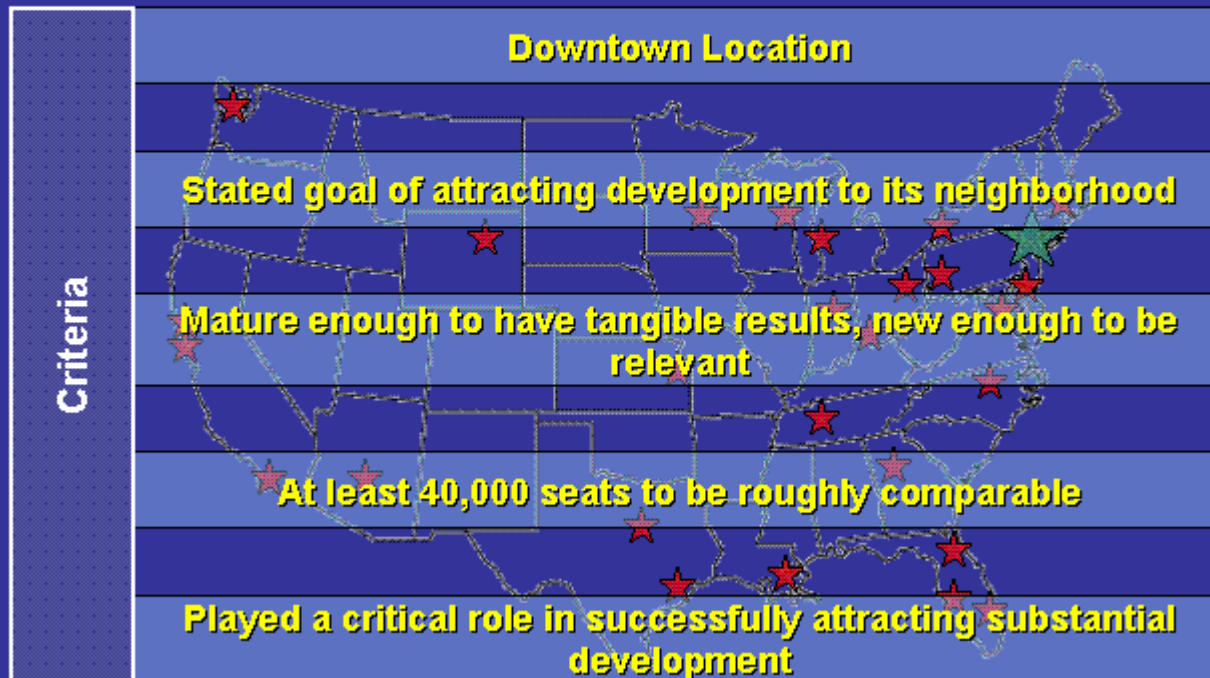
**This investigation objectively considered why stadia do or do not stimulate development. It did not:**

- Review a random sample. Our assignment was to consider success drivers, not averages.
- Consider the affordability of the investment or seek comparison with other investments.
- Compare potential benefits to other investment opportunities



## The Methodology

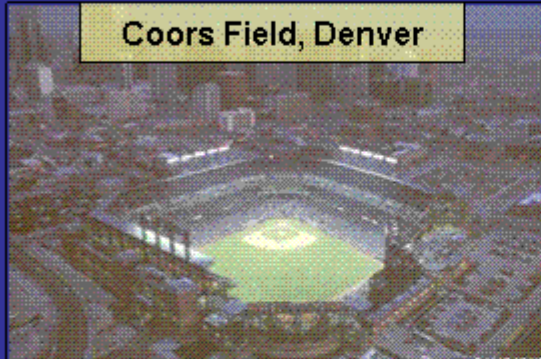
To identify relevant examples, HR&A narrowed the group by the following criteria:



## The Methodology

A number of “successful” stadium developments were not applicable to our study:

Coors Field, Denver



M&T Bank Stadium, Baltimore



Soldier Field, Chicago

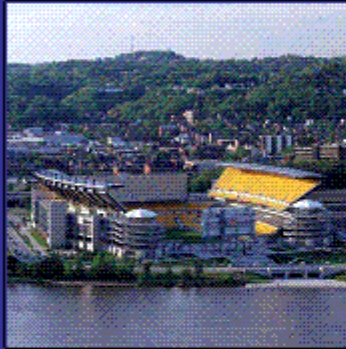


SBC Park, San Francisco



## The Methodology

**While New York frequently presents singular circumstances, three cities/projects best meet the criteria:**



**Heinz Field  
Pittsburgh, PA**



**PETCO Park  
San Diego, CA**



**Jacob's Field/Gund Arena  
Cleveland, OH**

## The Methodology

In each case, HR&A assessed the effects by using the firm's evaluative criteria for many urban redevelopment initiatives:

Anchor revitalized urban districts

Capture increased retail sales

Provide new housing units

Generate an increase in city/state tax revenue

Attract new development

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## Case Study: Heinz Field

Pittsburgh built Heinz Field to stimulate redevelopment on the north side of the Allegheny River:

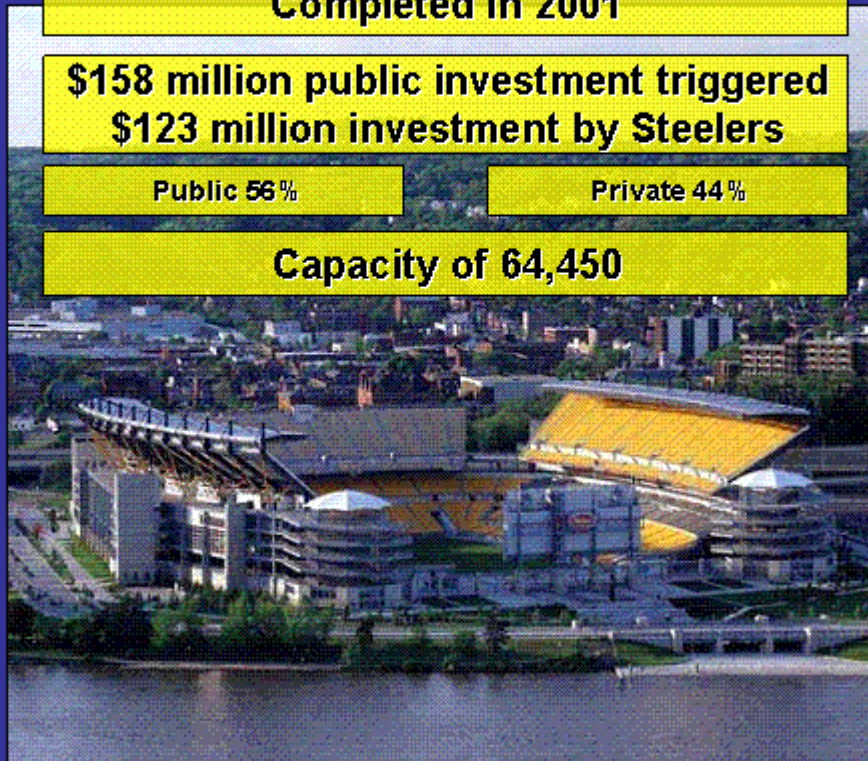
Completed in 2001

\$158 million public investment triggered  
\$123 million investment by Steelers

Public 56%

Private 44%

Capacity of 64,450



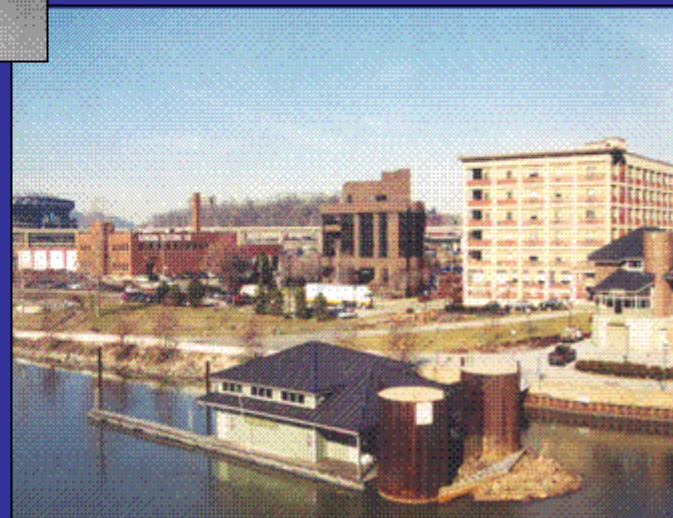
## Heinz Field: The Challenge

Stadium development was part of a comprehensive effort to transform a waterfront



- North Shore a blighted and under-utilized neighborhood
- Waterfront an untapped and inaccessible urban amenity

- Need for new address to capture growth of office market
- North Shore neighborhood isolated from riverfront and downtown
- Unmet demand for new urban housing



## Heinz Field: The Plan

Heinz Field and PNC Park were elements of a carefully constructed public master plan



- Zone for a mix of uses to energize the neighborhood
- Careful placement/design of parking garages
- Retain current business and attract new businesses
- Create auto, light rail, pedestrian and water linkages to downtown
- Extend riverfront park and construct esplanade
- Create desirable parcels for development
- Solicit private investment to guarantee mixed-use development





## Heinz Field: The Plan

Public investment stimulated a private mixed-use development plan.



### Continental's plan for the North Shore

The master plan proposes a variety of uses for the North Shore. The development would include office, retail, and residential space.

- |   |   |  |
|---|---|--|
|  First floor retail with residential or office above |  First floor retail with residential above |  First floor retail with office above |
|  Structured parking                                  |  First floor retail with parking above     |  Surface parking                      |



Source: Continental Real Estate Companies

Post-Gazette

## Heinz Field: Key Characteristics

The North Bank redevelopment captured increments of growth:



Absorption capacity for 300,000 sf of new entertainment and restaurant space

Future need for 1,000,000 sf of new office space

Capacity for 300,000-500,000 sf of new retail space

Demand for more urban housing

Need for upgrade of hotel product



## Heinz Field: Key Characteristics



Comprehensive,  
Specified Development  
Plan

Careful management  
Of parking

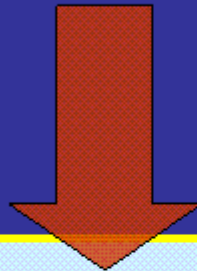
Created attractive  
Development Sites

Clear Demand for New  
Activity and  
Development

Integration into  
Existing Urban Fabric

## Heinz Field: Results

The Development plan has produced tangible economic benefits

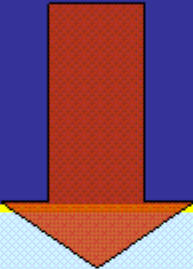


- Estimated \$5.5-\$8.3 million in annual property taxes for the city
- 1.2 million square feet new office space
- 250-350 new residential units
- 198-room Marriott Hotel and 5,600-seat amphitheater
- New hotel/housing across river
- Office values across river increase



## Heinz Field: Results

The Development plan accomplished key urban planning objectives

- 
- Re-connects North Shore to downtown, reinforcing the Riverfront as an amenity
  - Creates a District that retains current business and attracts new businesses
  - Creates a powerful river corridor with new Convention Center



## Case Study: **PETCO Park**

**San Diego built the Padres' PETCO Park to stimulate redevelopment in the East Village District of downtown:**



## PETCO Park: The Challenge

**PETCO Park was developed to transform an underutilized area in a key location**



- East Village an underused urban neighborhood
- Need for public infrastructure
- Need for new urban address (the “Ballpark District”) to capture strong demand for housing

- Underutilization of area’s accessibility and urban location
- Untapped potential for private investment in development within the district



## PETCO Park: The Plan

Private development in the area was supported by carefully designed development incentives



### A Comprehensive Plan: Creating Development Incentives

- Guarantee initial private investment in the area from the Padres
- Leverage convention center investment
- Infrastructure Improvements: streetscapes, frequency of public transportation
- Use of “bed tax” to fund the City’s bond sales
- Create pedestrian connection to the Gaslamp Quarter Historic District
- Provide incentives to attract residents and private developers to the area



## PETCO Park: The Plan

The Incentives and the Park produced results by leveraging location and market conditions



- Proximity to a thriving district (the Gaslamp Quarter Historic District)
- Easily accessible by existing public transportation with room for growth
- Severe housing shortage throughout downtown San Diego
- Abutting Convention Center



## PETCO Park: Key Characteristics

San Diego had a clear demand for new development, especially residential development:



Rapid projected population growth

Intolerable commutes fuel urban housing demand

Hotel room rates up 10% over the year 2003

Need for new commercial office address



## PETCO Park: Key Characteristics



Well Conceived,  
Comprehensive  
Plan

Strong,  
Growing Economy

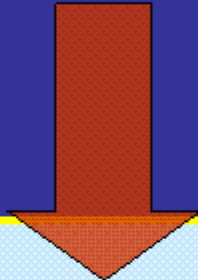
Leverage existing  
assets

Captured  
Latent Housing  
Demand

Guaranteed Private  
Investment in the  
Surrounding area

## PETCO Park: Results

Since opening, PETCO Park has helped capture substantial economic gains for the City

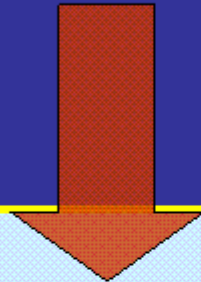


- \$1.4 billion in public and private investment
- \$3 billion anticipated by 2007
- 3,691 new residential units
- 335,000 square feet new retail space
- 270,000 square feet new office space
- 747 new hotel rooms
- 2,950 new public parking spaces



## PETCO Park: Results

Implementation of the Plan accomplished critical urban planning objectives



- Inclusion of public amenities
- Connection to the rest of downtown
- Conversion of a desolate area into a popular residential and recreational neighborhood
- Preservation of unique characteristics of the district



## Case Study: Jacob's Field/Gund Arena

Cleveland built Jacob's Field and Gund Arena to stimulate redevelopment in the Gateway District of downtown:



## Cleveland Gateway: The Challenge

**Downtown Cleveland leadership confronted a serious array of impediments to economic growth**



- Stagnant economy and negative city image
- Struggling businesses and limited uses other than office use

- Almost no downtown residents
- Night-time perceptions: Dangerous/Ghost Town
- Lacked both critical mass of people and businesses



## Cleveland Gateway: The Plan

Jacob's Field and Gund Arena were part of a comprehensive effort to address the needs of downtown



### A Comprehensive Plan

- Develop under-utilized land in a key location within downtown
- Revitalize open space as an urban amenity, improve safety to attract families and visitors
- Implement major infrastructure improvements: streetscape, public transportation and traffic
- Focus on sports facilities to anchor other activities and initiatives to attract people to downtown
- Incentivize residential, commercial, office and retail development

gateway neighborhood



## Cleveland Gateway : Key Characteristics

Cleveland had to capitalize on key assets:



Joint commitment and investments  
from the public and private sectors

Favorable housing market  
conditions

More than 30,000 University Park  
employees and 15,000 university  
students within 5 miles

Increasing demand for loft buildings  
available for residential  
development



## Cleveland Gateway : Key Characteristics



A Comprehensive  
Redevelopment  
Plan

Design that  
Integrates with  
the Urban Fabric

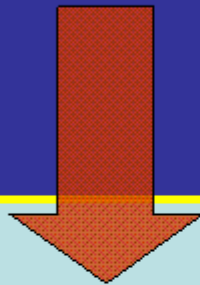
Triggered Latent  
Housing Demand

Eliminated  
Massive Surface  
Parking

Supportive and  
Committed Public  
And Business  
Community

## Cleveland Gateway: Results

Though serious challenges remain, Gateway has helped retain jobs and stimulate development

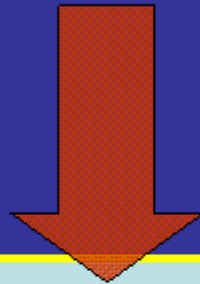


- 800 new residential units
- 30 new restaurants
- 6 new hotels open or under construction
- 6,500 new jobs in the surrounding neighborhood

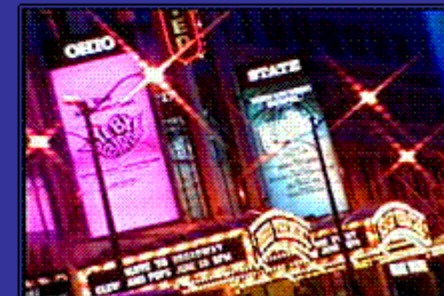


## Cleveland Gateway: Results

Jacob's Field and Gund Arena have injected new sources of energy in an aging urban core



- Large crowds at both Jacob's Field and Gund Arena; creation of a vibrant and active neighborhood
- Helped to attract residents and visitors to downtown Cleveland
- Catalyzed new development and provided the impetus for further downtown revitalization efforts
- Brought the Cavaliers downtown from suburban Richfield



## Overview

**Assignment**

**Methodology**

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## Conclusions

**Stadia have anchored significant urban redevelopment when key pre-conditions exist:**

→ *The stadium must be part of a comprehensive plan.*

---

Redevelopment does not happen by chance.

→ *The private economy must create new economic activity.*

---

Stadia channel new growth to targeted areas.

→ *The plan must create or respect adjacent development sites.*

---

New development must have somewhere to go that is not a parking lot.

## Conclusions

**Stadia have anchored significant urban redevelopment when key pre-conditions exist:**

→ *The stadium is connected to the urban core by pedestrian or transit links.*

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Location is always a real estate fundamental.

→ *Stadia are part of a mixed-used project with multiple destinations.*

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Stadia are not silver bullets for urban ills.

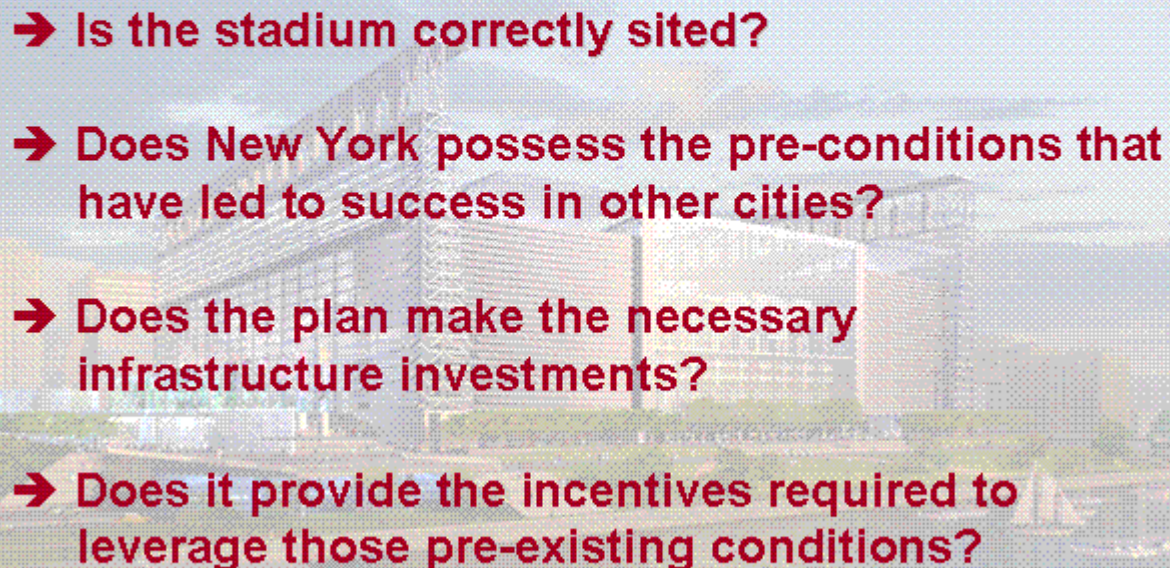
→ *Related public investment in parks and amenities to anchor development.*

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New destinations require urban amenities to become viable urban places.

## Conclusions

**The Core Question: Is the proposed facility and Plan like those that have induced exceptional growth?**

- 
- Is the stadium correctly sited?
  - Does New York possess the pre-conditions that have led to success in other cities?
  - Does the plan make the necessary infrastructure investments?
  - Does it provide the incentives required to leverage those pre-existing conditions?



## Conclusions

**Fact: The New York Sports and Convention Center (NYSCC) is an integral part of a comprehensive plan**



**Expanded Convention Center**



**Riverfront parks and new open spaces**



**New Office and Residential Addresses**

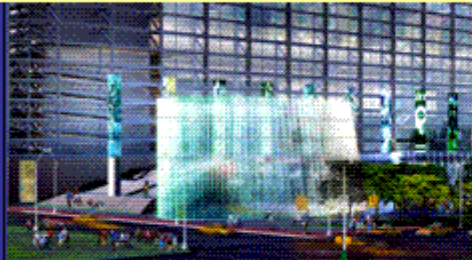


**Connections to entertainment districts**

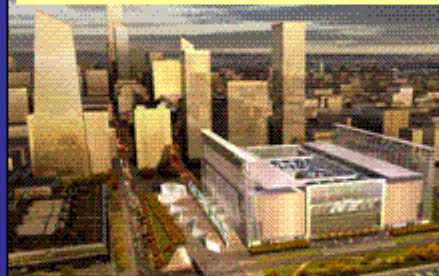
## Conclusions

**Fact: The Hudson Yards plan integrates the NYSCC into a mixed-use project with multiple destinations**

**34<sup>th</sup> Street Cultural Concourse**



**New office and residential addresses**



**The Javits Center**



**Hudson River Park Terrace**

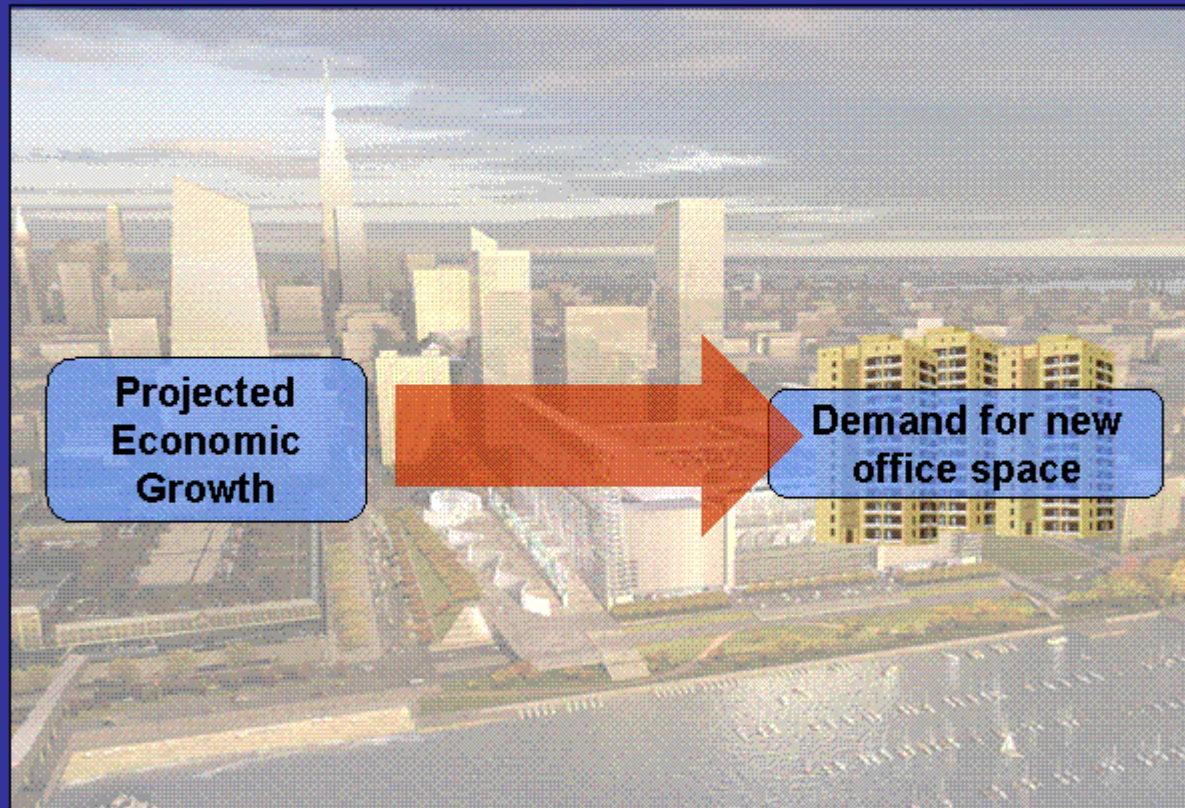


**The Highline Market**



## Conclusions

**Fact: The Hudson Yards plan anticipates new private economic activity**



## Conclusions

**Fact: To facilitate development, the Hudson Yards Plan calls for public investment in parks and amenities:**

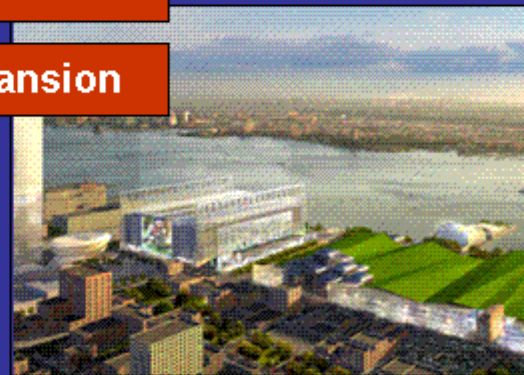


subway service

new parks

deck over unsightly railroad

convention center expansion



## Conclusions

**Fact: The plan and the NYSCC create and respect adjacent development sites by providing substantial inducements to locate near the facility:**

### Transit Incentives:

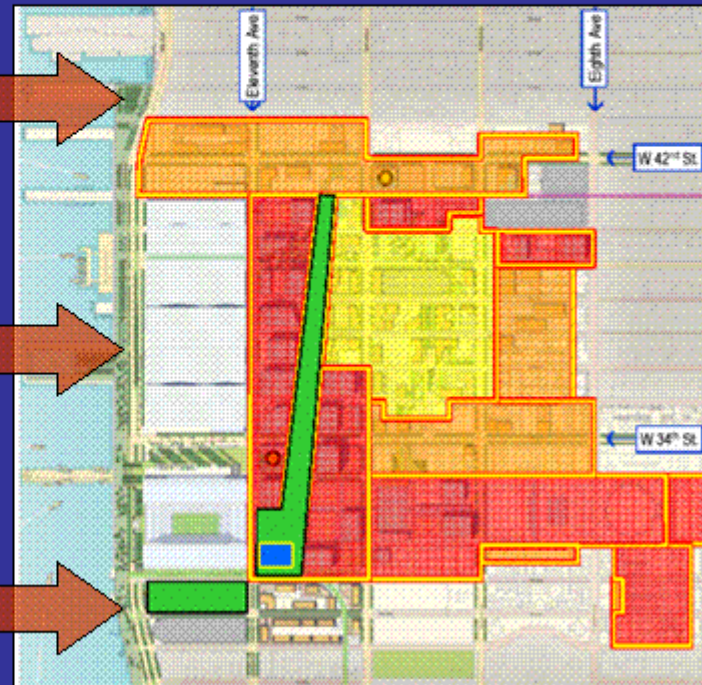
The 7 subway line extension, connecting to midtown and transportation hubs

### Zoning Incentives:

The plan concentrates density in a corridor leading north and east from the stadium

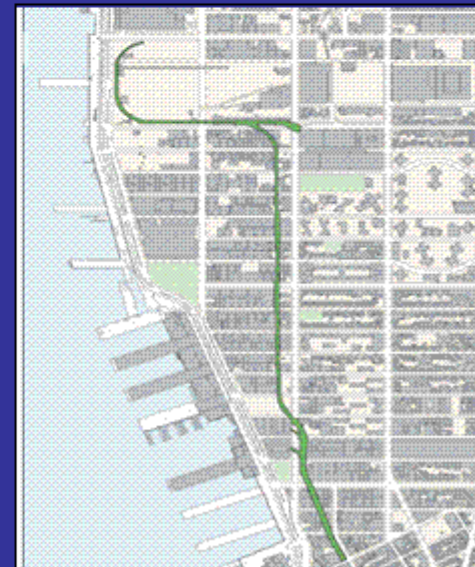
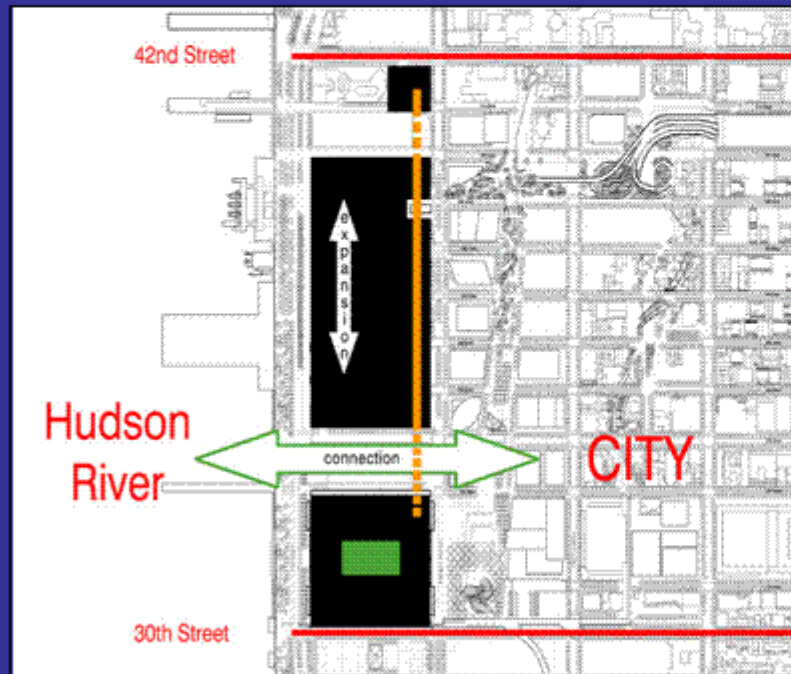
### Tax Incentives:

Discounts in PILOTS for adjacent development



## Conclusions

**Fact: The plan ensures that the NYSCC is connected to the urban core by pedestrian or transit links at 42<sup>nd</sup> St., Midtown and Times Square**



## Conclusions

The Hudson Yards plan will accomplish important urban development objectives because it has the attributes of successful urban and stadium developments:

-  *integral part of a comprehensive plan*
-  *part of a mixed-used project with multiple destinations*
-  *anticipated new private economic activity*
-  *public investment in parks and amenities*
-  *creates and respects adjacent development sites*
-  *connected to the urban core by pedestrian or transit links*

## Conclusions

The proposed New York Sports and Convention Center and the Hudson Yards Plan will be a successful redevelopment effort.

