



# The District's Dime

Going Beyond the Budget Book

The DC Fiscal Policy Institute blog  
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## DC's Soccer Stadium Plan May Be Cash-Free, But It Certainly Is Not Cost-Free

By Ed Lazere

At first glance, Mayor Gray's offer to help pay for a new soccer stadium looks much better for the city than the deal that brought Nationals Park. First, the total cost to DC for a soccer stadium would be lower than for the baseball stadium – \$150 million\* vs. almost \$700 million. And DC United would be expected to cover a larger share of the cost – about 50 percent – than the 3 percent share covered by the Nationals' owner.

Yet there is one key way in which the proposed soccer stadium deal is *worse*. For the baseball stadium, Mayor Williams and the DC Council approved new taxes to cover the city's costs. Yet no new revenues have been proposed for the soccer stadium. That means that the District would have to use existing resources to pay for a soccer stadium – resources that could otherwise be used for all sorts of urgent needs – from school modernization to new affordable housing.

City leaders took a different approach to pay for Nationals Park. Many of the city's biggest businesses were some of the biggest champions to bring major league baseball to DC, and they agreed to help pay for it with a targeted tax on themselves which raises \$25 million per year to pay off the stadium bonds. The city also raised taxes on telecommunications for businesses and the federal government – generating \$12 million per year. And the sales tax on tickets, concessions and merchandise sold at the stadium was set at 10 percent, rather than the standard rate of 5.75 percent, which means fans from DC, Maryland, Virginia and beyond are helping pay off the city's stadium debt.

For the soccer stadium, Mayor Gray proposes trading the Reeves Center and other public assets to get land and to cover costs for environmental remediation and new infrastructure. That may mean no cash would trade hands, but it certainly doesn't mean that it would be cost-free. If the city sold the Reeves Center and didn't have plans to help build a soccer stadium, those funds could be used for many things, including:

- **A new “Reeves Center” in Ward 8:** While this has been portrayed as part of the stadium package, there is no plan for how to pay for the new building.
- **School modernization:** The District has made a major commitment to improving the quality of its school facilities, yet many schools are still in need of repair or replacement, such as Roosevelt High School.

- **Affordable housing:** Mayor Gray made a major commitment to affordable housing this year. But most of the funds are one-time only. Selling the Reeves Center could help pay for new housing beyond 2014.

The Gray administration makes the DC United deal look like it has little budget impact, but how we use our resources are a deliberate set of choices about our priorities as a city. As the District's Dime already noted, selling valuable city land in a swap might not get DC tax payers the best deal. And given that Mayor Gray, the Council, and residents have indicated that education, housing and public safety are top priorities, our city's leadership might explore how to find additional resources to pay for the stadium so we can use existing resources to pay for our critical needs. That way, we can get a new stadium, modern schools and healthier families that score our city many goals on the field and off.

\* Note that the soccer stadium costs are just estimates, and DC's costs could end up being [more than \\$150 million](#).