



The District's Dime

Going Beyond the Budget Book

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Steps to a Better DC United Stadium Deal

By Ed Lazere

We've been saying for a while that the plan to develop a new soccer stadium is really complicated. And, boy, was that confirmed this week – by a new 400-page consultant's [report](#) and an assessment from DC's Chief Financial Officer. Together, these documents suggest that a new stadium could bring economic benefits, especially if the stadium is accompanied by a hotel developed by the team.

But the new information also shows that the plan has a way to go before it is a good deal for DC residents. Rather than rushing, the District should take the time to get the deal right.



- **DC's Share of the Deal Would Be Over 50 Percent, Higher Than the Typical Deal.** The District would contribute at least \$131 million in land and infrastructure, as well as \$50 million in tax breaks. Together, that's 63 percent of the total cost, which is higher than the government share in most soccer stadium deals.
- **Reeves Center Swap is a Financial Loser for DC.** The consultant's report finds that the plan to trade the Reeves Center for stadium land with the developer Akridge would generate \$25 million less than if the Reeves Center were sold to the highest bidder and if parcels of the stadium land were bought at market value.
- **Tax Breaks for DC United Are Not Justified.** Most stadium deals do not include tax breaks for the team. DC's Chief Financial Officer finds that the proposed sales and property tax breaks for DC United are not needed for the deal to go through.
- **Risks.** There are a number of unknowns, such as the full cost of environmental remediation or relocating a Pepco substation.

The consultant's report finds that a new stadium will generate \$109 million in economic benefits to DC over 32 years, but that assumes a stadium will last that long and that DC United builds an adjacent hotel, which is not required under the deal. Without the hotel, the net benefits are closer to \$40 million over a 32-year period, about \$1 million per year.

These details suggest that the DC Council and mayor-elect Bowser should take time to review the deal and make it better for the District. Getting a new stadium for DC United is a good thing, but it is more important to get it right than to rush it and get it wrong.