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**TESTIMONY OF WES RIVERS, POLICY ANALYST
At the Public Hearing on
B 20-805, The District of Columbia Soccer Stadium Development Act of 2014
District of Columbia Committee on Economic Development
July 23, 2014**

Chairwoman Bowser and members of the Council, thank you for the opportunity to testify today. My name is Wes Rivers, and I am a policy analyst at the DC Fiscal Policy Institute. DCFPI engages in research and public education on the fiscal and economic health of the District of Columbia, with a particular emphasis on how policies impact low-and-moderate income families.

I am pleased to testify here about legislation to develop a new soccer stadium for DC United. The DC Fiscal Policy Institute is part of the Winning Goal Coalition, which believes that professional soccer is an important part of the quality of life in our region, and that DC United needs a new home. The DC Fiscal Policy Institute also understands that virtually all professional sports stadiums are built with some level of public financial support, and so we accept that the DC United stadium will need some public support.

The question then becomes whether the legislation and associated documents represent a good deal for the District and the best way to bring a new soccer stadium to the District. It is important to remember that while a new stadium will be a great cultural benefit, there are other private stakeholders that stand to gain direct financial benefits, including DC United's owners and Akridge – the proposed developer of the Reeves Center and current landowner at Buzzard Point. DC United's owners will benefit from increased tickets sales, control of concessions, naming rights, development of entertainment venues adjacent to the stadium, and an increase in the team's value. Akridge will benefit both from the booming development of the U and 14th Street corridors, but also from their landholdings adjacent to the proposed stadium site at Buzzard Point.

Today, I will focus my comments on the land swap aspect of the agreement, with a specific focus on the redevelopment of the Reeves Center. The proposal for the Reeves Center is, in my opinion, as important as development of a soccer stadium itself. Yet the Reeves Center is being treated in this legislation like a Monopoly property, to be traded for cash.

In exchange for parcels at the stadium site, the District would transfer the Reeves Center to Akridge and allow the company to re-develop the property any way it wants. Yet the redevelopment of public property should involve planning and community input that leads to some guidelines for the property's future use. In addition, the legislation would trade the Reeves Center to Akridge at a price below the value from at least one of the appraisals, which suggests that putting it up for sale could generate a better return to the city. Finally, the plan calls for creating a new Reeves Center east of the Anacostia River, yet it offers no details and no financing.

This plan raises several concerns:

- **The Reeves Center Redevelopment should be taken more seriously.** The Reeves Center is an important public facility in a central location with strong public transit access. District officials suggest that the Reeves Center is ready for private development because that neighborhood no longer needs a public building to anchor its economy. While that is reasonable, the District should consider the site's redevelopment carefully, including what will be done to ensure access to the services currently provided there and how the site's redevelopment will best meet the needs of the city and the site's neighbors. Control of this site gives the District the opportunity to shape the continued development of the U Street area.

Yet the legislation would allow Akridge to redevelop the property any way it wants. This was done to generate the highest possible sales price with Akridge. In other words, the needs of the U Street area and its residents would be sacrificed solely to raise money to buy soccer stadium land. The DC Fiscal Policy Institute does not believe that this is appropriate. We believe the redevelopment of the Reeves Center should be taken just as seriously as the soccer stadium development.

- **Concerns about land swaps.** The Reeves Center would be sold to Akridge for \$56 million, without seeking other bids, yet the DC Chief Financial Officer appraised the site at nearly \$70 million. In the District's current real estate market, it is not unusual for properties to sell above their appraised value. The only way to ensure that the District gets the best deal for the Reeves Center is to put it up for sale to the highest bidder, once rules for how it will be redeveloped have been set.
- **Plans for a new "Reeves Center" should be more concrete.** The District is ready to sell the Reeves Center as fast as possible, yet there appears to be few plans for developing a new municipal center in Ward 8, as was announced by Mayor Gray. In particular, the District faces serious constraints on its capital budget, because the city is very close to its debt cap. Without the ability to borrow funds to build a replacement for the Reeves Center, it is not clear whether this plan is realistic. The Council should not approve stadium legislation until plans for replacing the Reeves Center are clear.

Thank you for the opportunity to testify. I am happy to answer any questions that you have.