

POLICY BRIEF

An electronic publication of
The Allegheny Institute for Public Policy

September 26, 2002

Volume 2, Number 49

The Stadiums That Didn't Save Pittsburgh

Recently, Pittsburgh Mayor Tom Murphy disclosed the possibility that he may be forced to seek bankruptcy-type protection to bail the City out of its budget crisis. If the Mayor invokes Act 47 protection, he will be admitting that the City is “economically distressed” and would allow a state overseer to formulate a plan and make recommendations designed to put the City on a path to financial health—a path that has eluded Murphy despite his numerous gambles with the taxpayers’ money.

How can the City’s financial woes be deepening despite the construction of two new stadiums and a new convention center? During the stadium tax fight, the Mayor and the City’s civic and corporate leaders insisted that the stadiums and convention center would be the right public investment to jump start growth in the City. Those with long memories will recall the emotional arguments and exaggerated claims that the new stadiums would lure new companies and business to the City. They will also recall the extravagant proposition that the new stadiums were the key to retaining and attracting the young professionals the City so desperately needs.

What has happened in the four years since Plan B was approved? The construction jobs are gone. The only stadium related economic activity has been a few new bars and restaurants and a promise of a new hotel across from PNC Park. No new activity has taken place near Heinz field or the new convention center. In fact, the Mayor wants to throw more taxpayer money at a hotel near the convention center, even though taxpayers were promised that hotel developers would be eager to take advantage of the opportunities presented by all the visitors that would be attracted to the new convention center.

During a debate over the Regional Renaissance Initiative former Mayor Sophie Masloff claimed, “If we do not do this now, we will be in serious trouble”. What she failed to anticipate is a City in trouble *because* of its risky development strategies—none of which have paid the dividends promised. This is no surprise to those of us who explained tirelessly that stadiums are not a viable economic development strategy. All can now see that the claims made by stadium proponents were hollow promises with no real basis in the first place.

The amazing thing is that anyone, including the people leading the charge for the stadiums, could have believed the preposterous notion that a City and County beset by high taxes (which may increase under Act 47), many poorly performing school districts, and a bad business climate would be magically turned around by two new stadiums and subsidizing retail establishments.

The promises made by the Mayor as rationale for subsidizing retail have fallen flat. The Lazarus store, which received financial help from a City development fund created in part with Regional Asset District dollars, has not lived up to expectations. Remember that City officials touted Lazarus as the impetus to revitalizing downtown retail. To say that Lazarus has been a failure would be a tremendous understatement.

The City of Pittsburgh has, since the inception of RAD, received a massive transfer of money from state and county taxpayers to fund development projects. Now six prominent Pittsburgh foundations are calling for a limit on the amount of money the Regional Asset District can bestow on large taxpayer funded construction projects, such as sports arenas and stadiums. Perhaps they have come to realize that the money used for these types of projects is not going to “revitalize” our economy. One can hope this is a sign that some of the region’s biggest apologists for these will-of-the-wisp development strategies are beginning to recognize that they are in fact fantasies.

It is clear that Plan B, which blatantly ignored and overruled the voters’ unambiguous opposition to taxpayer-funded stadiums, has not turned the City’s economy around. Instead, it has become a monument to the folly of arrogant policy makers.

Jake Haulk, Ph.D. President

Frank Gamrat, Ph.D. Senior Research Associate

Policy Briefs may be reprinted as long as proper attribution is given.

For more information about this and other topics, please visit our website:

www.alleghenyinstitute.org

<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd. * Suite 305* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: aipp@alleghenyinstitute.org</p>
--