A ballpark and neighborhood change: Economic integration, a recession, and the altered demography of San Diego’s Ballpark District after eight years

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ABSTRACT

In the 1990s the owner of the San Diego Padres and San Diego entered into a partnership for the building of a new ballpark. The public sector invested $209 million and the team spent $187.1 million and retained all revenues from the new facility. At first blush this might seem like the typically imbalanced public/private partnership with the public sector spending more than the team and the ballclub getting to keep all of the revenues. What made this deal unique, however, was that the team owner also guaranteed that $487 million in new real estate development would occur near the ballpark adhering to a plan approved by the City that would create a new downtown neighborhood that included amenities and elements specified by San Diego. Despite this guarantee criticisms included fears of gentrification and that the development would merely replace what would have happened elsewhere. Those issues have been analyzed elsewhere. This article focuses on (1) the extent to which a new neighborhood was populated and sustained; (2) the creation of an economically integrated neighborhood; (3) the ability of the Ballpark District to attract young well-educated individuals as well as older higher income residents, and (4) the ability of the new neighborhood to protect property values during the recession. The data analyzed suggest that an economically integrated neighborhood has been created with property values that remained relatively stable during the recession. In addition, the neighborhood has attracted a large number of highly educated workers with few demands for public services.

Introduction

In the late 1990s the owner of the San Diego Padres (a Major League Baseball team) and the City of San Diego (California) entered into a partnership for the building of a new ballpark. The City of San Diego agreed to invest $186.5 million in the facility and other public entities (The Downtown Redevelopment Authority and the Port Authority) committed $109.5 million to the project. The total public sector investment was $296 million. The Padres invested $115 million and was responsible for all cost overruns. Those overruns would lead to a total investment by the team of $187.1 million for a state of the art ballpark that would permit the Padres’ ownership to enjoy numerous revenue streams that were not available to the team at the facility where they played their home games ( Qualcomm Stadium, where naming rights, advertising income, and other revenue streams were controlled by the San Diego Chargers, a National Football League team). In addition, playing in a facility specifically designed for baseball meant there would be dramatically enhanced sight lines for fans ( Qualcomm Stadium was built for a football team) that would sustain higher ticket prices generating more income for the team.

At first blush this might seem like the typically imbalanced partnership between teams and the public sector (Chapin, 2004; Rosentraub, 1997). In most of those partnerships a city and other public sector agencies invest more than the team’s owner in a new facility while the team receives most (or all) of the enhanced revenue streams. What made this deal unique, however, was that in addition to the...
...towards downtown San Diego; (3) the ability of the Ballpark District to attract young well-educated individuals as well as older higher income residents, and (4) the ability of the new neighborhood to protect property values during the recent severe recession. Preceding the data analysis is a brief explanation of the importance of these criteria for public policy and cities. A brief concluding section dealing with the role of sports facilities and urban development follows the analysis of housing and demographic changes in San Diego’s Ballpark District.

Some goals for the public sector’s interest in inner city redevelopment

The outward migration of wealthier households to suburban cities and counties or the outlying areas of cities with a large geographic footprint creates a number of challenges. In metropolitan regions with high levels of economic segregation it is possible to have a disproportionately high concentration of lower income households in a particular city (Jargowsky, 1996). Communities with larger concentrations of lower income households can face severe problems when it comes to financing and delivering needed government services (Goetz, 2003). The concentration of lower income households creates numerous other challenges. As Goetz (2003) observed, “Detroit typifies a city overcome with neighborhoods of high poverty where the middle class has fled to relatively safe and secure havens of racial and class exclusivity. The city is wracked by high property-tax rates on ever-devaluing property, generating insufficient resources to fund essential city service and the elevated level of public and social services necessary to support an impoverished populace. Its schools are underfunded and inadequate, and its streets unsafe...” As many have also observed, deterioration spreads outward from areas where property values decline (and where properties may be abandoned) resulting in the flight of residents and businesses to suburban and exurban areas (Davis, Nelson, & Duerer, 1994; Morrill, 1992).

Attracting and retaining highly educated and younger residents has become a vital economic development goal for all cities. Numerous researchers have underscored the importance of educated and younger human capital for economic development (Benhabib & Spiegel, 1994; Garmise, 2006; Heckman, 2003). Those cities that are able to attract both young and educated workers have experienced more growth, and that has led local leaders to focus on building communities that attract educated and younger workers. Revitalized downtown areas have been shown to be especially valuable in the effort to attract well-educated workers (Jang, Hughes, & Danielsen, 1997; Robertson, 1995; Rosentraub, 2010).

San Diego just like every other city has a vested interest in developing its inner city communities and keeping the downtown area vital and attractive to educated workers. Some community leaders were disappointed that the area where the Ballpark District now stands suffered from stagnating levels of development and as some saw it, had substantially deteriorated. Others disagreed (Newman, 2006), but a goal for San Diego’s City Council was a revitalized downtown community that while economically integrated, was also home to a highly educated and young labor force...
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