Sports facilities and urban development: Finding the winners and losers

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The use of public funds to subsidize sports facility construction remains a contested topic. While a relative consensus has been reached within the academic community regarding facility supporters' overestimation of both the economic and intangible benefits arenas and stadiums confer (cf. Coates & Humphreys, 1999; 2003; Johnson, Groothius, & Whitehead, 2001; Johnson & Whitehead, 2000; Rosentraub, 1999), local and state governments continue to invest hundreds of millions of dollars into new and renovated facilities. This symposium takes three different approaches to revisit this issue.

The first explores the issue of novelty effects for sports arenas – where a new arena increases attendance, but the increase declines over time. This is a critical subject as arena proponents may base the servicing of the financial debt for a new arena on increased revenues from attendance. If there is indeed a novelty effect and attendance declines, then these cities will be at greater financial risk. This first study examines this issue with arenas built for Canadian Hockey League franchises, where cities pay the bulk of new arena development costs.

The second paper examines a failed stadium referendum (Cleveland's 1984 domed stadium proposal). Using urban regime theory and stakeholder theory, this study examines the interrelationships and actions of political and business elites surrounding the subsidization issue in order to better understand how proponents failed to gain popular support. In doing so, it sheds light on the importance of consensus amongst local elites in supporting stadium development.

The final paper steps beyond the traditional boundaries of evaluating the benefits of subsidies on local communities, and develops a theoretical framework to examine broader development benefits on image, identity, and the overall development of a region.

Civic Competition, Novelty Effect, and the Canadian Hockey League Brian P. Soebbing, Brad R. Humphreys, & Daniel S. Mason, University of Alberta
One way city leaders compete for flows of capital is by increasing the number of entertainment amenities available (Hannigan, 1998). These amenities, in particular multi-use arenas, use sports franchises as anchor tenants while positioning arena development as catalysts of change for the community's image and overall infrastructure development (Siegfriend & Zimbalist, 2000; Turner & Rosentraub, 2002). Leaders also view a new arena as a means of competing with other rival cities, making the argument that new arenas will draw increased tourists and therefore generate substantial economic impacts. As a result, the average public subsidy for a major league sports stadium and a new arena built since 1990 was 195 and 126 million USD respectively (Long, 2005). However, subsidization does not just occur at the major league level.

Communities hosting minor league franchises also subsidize facility construction. For most minor league franchises, the host community subsidizes the entire cost of the project (Mason et al., 2007). The public subsidy may represent a significant portion of a smaller community's overall budget and, in the context of today's economic credit crises, a tough proposition.   Many justifications exist to build a new facility, including the argument that a new arena will increase attendance and bring increased revenues to the community. In some communities, the revenues from increasing attendance are earmarked to service at least some of the debt on these facilities (Leadley & Zygmont, 2006). However, academic research examining the novelty effect illustrates that any attendance increase is short term (Clapp & Hakes, 2005, Coates & Humphreys, 2005; Leadley & Zygmont, 2005). Thus, examining the novelty effect refutes a "build it and they will come" vision for long-term sustainable attendance of sports facilities, and jeopardizes any city's plan to use increased attendance to service debt on the new facility. Identifying any possible novelty effects is therefore crucial. However to this point, research examining the novelty effect has focused exclusively on major league facilities.

The purpose of the current study is to extend the literature on novelty effect and further our understanding of arena construction in smaller cities. To do so, we examine the novelty effect of new arenas built in the Canadian Hockey League. By total attendance, the CHL is the biggest spectator sport in Canada (Mason, Duquette, & Scherer, 2005). The league has eleven new facilities built since 1998, mostly from public funds. We extend the novelty effect research by integrating it with an overall research question regarding civic competition, and also explore how city size influences the novelty effect. In order to examine the notion of civic competitiveness, we also examine the relationship between increased attendance and the proximity of other communities with CHL franchises to explore the notion of competing cities and competitive advantage. The results will provide valuable insight into the efficacy of public funding sports facilities at the minor league level, and determine whether novelty effects also exist for smaller facilities.

Regime Conflict, Stakeholder Management, and a Failed Stadium Subsidy Initiative Daniel S. Mason & Ernest A.N. Buist, University of Alberta

The purpose of this paper is to examine the case of Cleveland, OH, in 1984, where a referendum to use a property tax increase to build a domed stadium for the local professional baseball (Major League Baseball Indians) and football (National Football League Browns) teams failed. To do so, we track the behaviors and interactions of political and business elites in the Cleveland context, borrowing from the urban regime (Stone, 1989; 2002), stakeholder (Mitchell, Agle & Wood, 1997), and issues management (Bigelow, Fahey & Mahon, 1993; Wartick & Mahon, 1994) literatures. A discussion of regimes and growth coalitions reveals that the champions of pro-growth development initiatives (such as major league sports facilities) are the groups of local business and political elites who comprise the local regime. Mahon and Waddock (1992) recognized that issues can be framed in a number of ways and proceed through a developmental process in which various actors shape the agenda and define the issue. They identified trigger events, where "key events in the public policy arena trigger actions or reactions and move an issue from one stage of development to the next" (Mahon & Waddock, 1992, p. 22).

Building on Friedman and Mason's (2004) work on stakeholder theory and stadium subsidies, we track the interactions of definitive stakeholders to determine if, indeed, it was a lack of consensus amongst definitive stakeholders in Cleveland that lead to the failure of the stadium subsidy. Data for the study included articles, editorials, and letters to the editor collected from micro-fiche copies of the Cleveland Plain Dealer published between 1983 and 1984. Examination of Plain Dealer coverage of the stadium project in Cleveland revealed three trigger events – the sale of the Cleveland Indians, the development of the domed stadium proposal, and the placement of the stadium issue on a crowded ballot with numerous other policy issues. The sale of the team resulted in the mobilization of the regime, but conflicting signals and a lack of consensus from political elites contributed to a landslide defeat of the proposal. Our examination of the Plain Dealer reveals that the fragmentation of the interests of political elites in Cleveland likely contributed to the failure of stadium proponents to win a referendum to publicly fund a new domed stadium. This has revealed that in Cleveland's case, there was greater internal heterogeneity within the political stakeholder groups The discussion then revisits the stakeholder and regi