

Loot, Loot, Loot for the Home Team

**How the Proposal to Subsidize a New Yankee Stadium
Would Leave Residents and Taxpayers Behind**

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Acknowledgments:

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GJNY investigates and publicizes the way in which public resources are allocated in the name of corporate retention. With this knowledge we hold government officials and companies accountable to taxpayers.

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Table of Contents

Executive Summary.....	1
Introduction.....	4
I. The Team and its History.....	7
II. Behind Closed Doors.....	11
III. A Numbers Game.....	17
IV. The Bronx is Changing.....	27
Conclusion & Recommendations	30
Endnotes.....	32

Executive Summary

Whatever the Yankees want, the Yankees get. That's been the policy of one mayor after another in New York. The richest team in major league baseball wants to build a new stadium, and city and borough officials seem all too eager to subsidize one. But public officials and team executives are throwing taxpayers a curve ball. They are making it seem as if the Yankees are footing the bill for the new facility, but that is far from the truth.

Good Jobs New York's analysis of available information reveals that taxpayers will pay a very high price for the project. Even if the Yankees pay the direct construction costs, the public will face other expenses and lost revenue totaling nearly half a billion dollars. This sum far outstrips the new stadium's projected economic benefits to the city.

There are also serious problems with the process by which the deal has been pushed. It has been marked by top-down, closed-door decision making, and very limited community input. It has also been marred by a covert legislative maneuver in Albany to seize park lands, as the proposed new stadium and parking garages would displace 22 acres of heavily used public park lands in the South Bronx. According to many residents, plans to replace the parks are woefully inadequate.

Given our findings about both costs and process, Good Jobs New York suggests that the entire deal be reevaluated to make sure it is in the best interests of both the residents of the Bronx and all New York taxpayers.

Major findings

Direct and indirect subsidies could exceed \$480 million. Public officials and team executives have stressed that the Yankees would cover the \$800 million cost of constructing the new stadium, with the city and state contributing about \$210 million for replacement parks, parking garages, and infrastructure improvements. But the taxpayer costs are far higher: the Yankees would not be required to pay rent, property taxes, mortgage recording taxes, or sales tax on construction materials. The city and state would also issue tax-exempt bonds to finance the stadium's construction, generating tax-free income for the bond buyers. These additional subsidies will cost taxpayers far more than what has been reported.

The new stadium will not generate enough revenue to cover its cost to taxpayers. The public costs of the project will exceed the stadium's contribution to the city's economy over a 30 year period, as estimated by a report commissioned by the New York City Economic Development Corporation. This finding is consistent with countless previous studies by academic economists who have found that revenues created by new stadiums, especially replacement facilities, do not result in significant economic growth.

Subsidizing this stadium is a costly and inefficient strategy for creating jobs. Even by the city's account, many of the "permanent jobs" created by this project will be seasonal and low-wage.

Compared to other uses of the money, it is difficult to justify spending and foregoing hundreds of millions of dollars in tax revenue for poorly compensated jobs such as ticket takers, ushers, vendors, restaurant workers, and parking lot attendants. Jobs such as these would not effectively address the alarmingly high rates of poverty and unemployment in the stadium's South Bronx community – the U.S. Congressional district with the nation's highest rate of poverty.

The surrounding community has been excluded from the planning process. Despite the massive size of this project, little or no effort was made to include community residents in its development. This top-down approach has created resentment among many residents, park advocates, and transportation groups. Public officials have taken great pains to expedite the public review and subsidy allocation processes while obscuring the deal from local residents. As a result, many residents believe the new stadium would not address the long standing needs and concerns of their community.

The state-legislated seizure of two parks – Macomb's Dam Park and sections of John Mulally Park – sent shockwaves through the area. Together they function as the South Bronx's Central Park, and Macomb's Dam Park would be entirely lost to the stadium and parking garages. The Bronx Borough President and local officials seek to plan replacement parks, but these plans have fallen short of what the community currently has. Instead, smaller parks would be sprawled about the area of Yankee stadium. New recreational space is even proposed for the roofs of the parking garages, not ideal for a neighborhood with one of the highest asthma rates in the city. Other new park space would have to compete with the sounds of elevated subways and shadows from the new stadium.

Public officials must be held accountable. Both Mayor Bloomberg and Bronx Borough President Adolfo Carrion have altered their positions regarding publicly subsidizing this project. And local elected officials State Assembly Member Carmen Arroyo and her daughter, City Council Member Maria del Carmen Arroyo, were instrumental in seizing the parks by co-sponsoring the state legislation and home rule message permitting the Yankees to build a new stadium on top of a public park.

Yankee President Randy Levine is also central to the story. Levine, Deputy Mayor for Economic Development and Planning under Mayor Rudolph Giuliani, knows a great deal about packaging corporate giveaway deals. That administration's proposal to build a new trading floor for New York Stock Exchange, at its height, would have cost over a billion dollars. Even as an aborted deal, it has still cost taxpayers upwards of \$122 million. Besides the NYSE boondoggle, over \$200 million in subsidies were allocated to some of the wealthiest firms in the country; several media firms even received a second helping.

South Bronx residents live in the poorest Congressional district in the country. In recent months they have actively sought a place at the community planning table. But insiders seem to have set the table long ago. We note that Levine has made \$2,000 in campaign contributions to Borough President Carrion and that executives of the Yankees cable television station, the YES Network, have contributed \$7,000 to Carrion's campaign.

A recent “community benefit” deal negotiated by the Bronx Borough President for a neighboring project, the Bronx Terminal Market, has set a low bar for future deals.

The New York Yankees and baseball are an integral part of being a New Yorker. The Yankees are an international symbol of a successful sports franchise; people around the world wear Yankee merchandise. New Yorkers love their baseball (don’t worry Met fans, your team is up for subsidies too) and by and large Bronxites take great pride in hosting the Yankees. That’s why many Bronx residents feel they deserve better from the Yankees and their elected officials.

Public Policy Options

Call the Yankees’ bluff. As the largest sports and media market in the United States, New York has terrific bargaining power. This power should be used to insist that the Yankees exhaust every available option – including stadium renovation instead of replacement – with the goals of creating good jobs, lower taxpayer costs, better public health, and more vibrant public parks.

Restart the planning process to include community stakeholders. The stadium deal will never achieve these goals unless the community is genuinely involved in the process. Many Bronx organizations want to participate. It may slow the process a bit, but it would ensure a far better outcome. Delaying the Yankees’ desired spring groundbreaking should not be an issue.

Give the renovation option a full hearing. Residents and taxpayers deserve a full exploration of why the Yankees don’t want to renovate their current stadium. Public officials should investigate and weigh all other options and make the findings public. A “financial hardship” for three seasons for the Yankees shouldn’t drive a permanent blunder for New Yorkers.

Get the figures straight. GJNY’s research reveals recurring inconsistencies between city and state agencies on the deal’s costs and benefits. A full accounting of both the true subsidy costs and realistic public benefits is necessary for a more informed debate.