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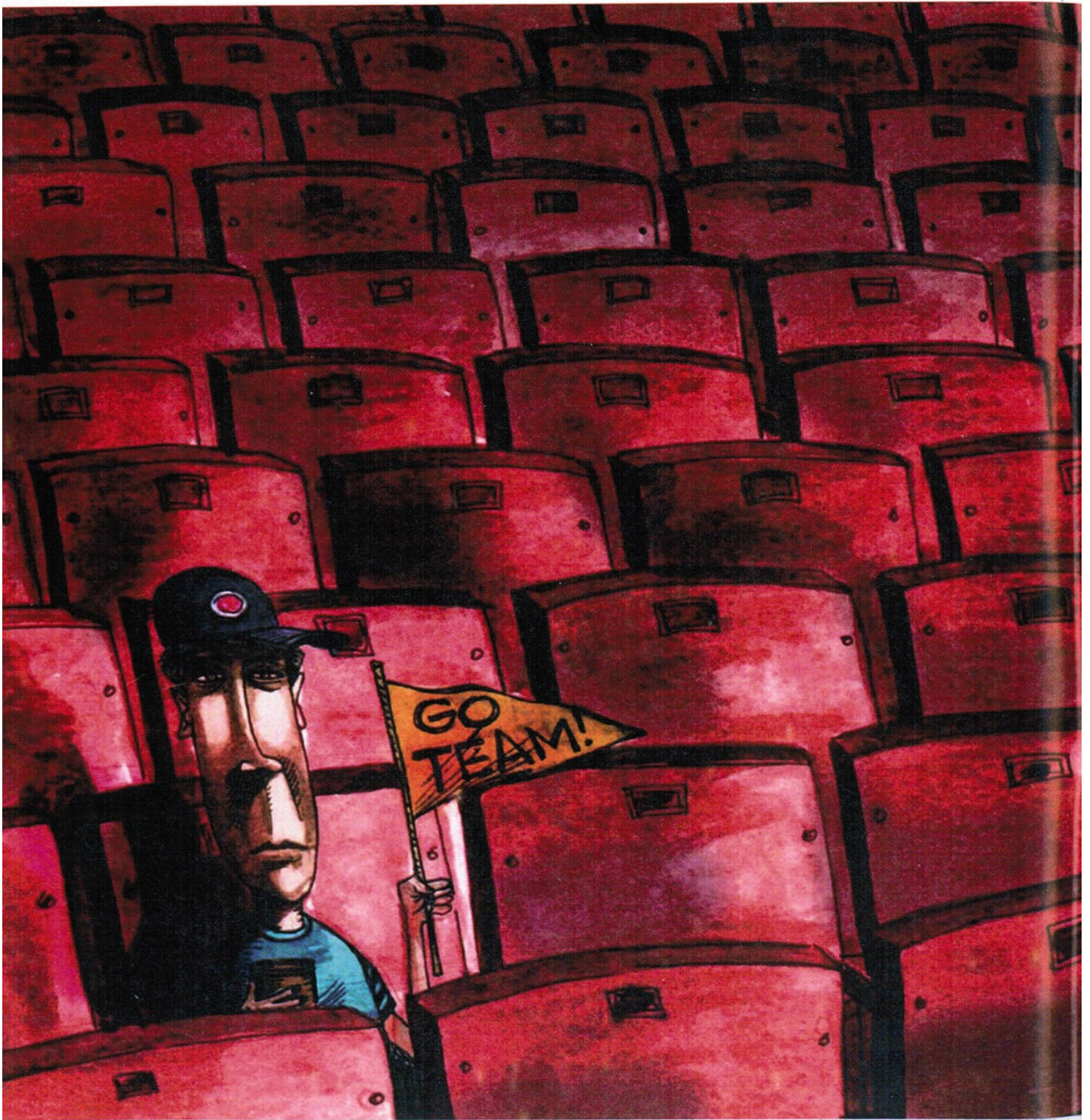
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Playing Arena Politics

HUD's House of Cards - KWRU's Fight for Human Rights
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Arena Politics



in Newark

By
Jason
Stevenson

A downtown sports arena is the latest flash point in the heated – and long-running – debate about the kind of city Newark should be.

Three Newark city council members made all the usual arrangements to organize a March 2 press conference to announce their opposition to the city's downtown arena proposal: They reserved the council chambers, stacked the audience with supporters, invited local TV and newspaper reporters and crafted a highly critical press release.

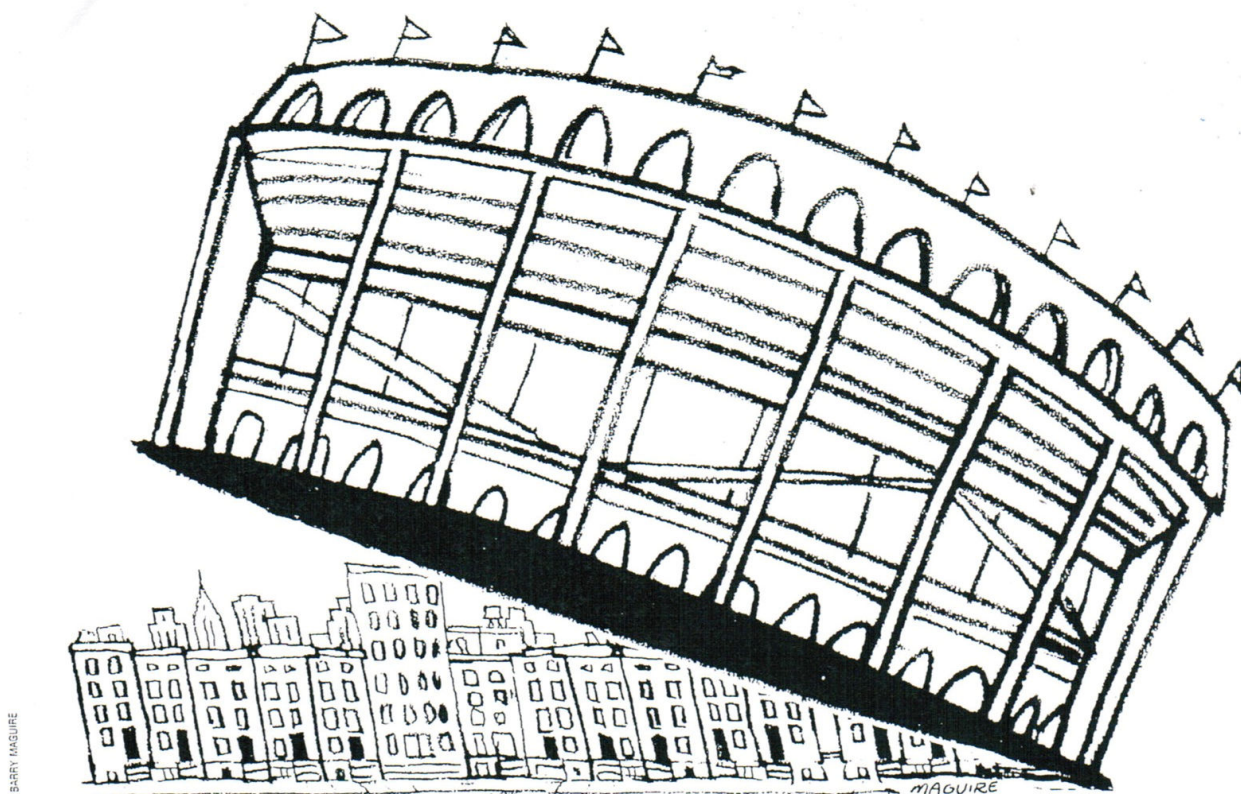
They did not, however, invite Mayor Sharpe James and the city's business administrator, Richard Monteilh, the two most vocal supporters of a Newark arena.

But as Augusto Amador, the East Ward councilman and leader of the council's anti-arena faction, was about to finish his opening statement, an angry-looking Mayor James and Monteilh [pronounced MonTAY] burst into the room. Dressed in black warm-ups, James, a former track coach, swaggered in poised for a fight. Monteilh wore a business suit, but mirrored the mayor's belligerence as they sat down loudly in the front. Amador paused, visibly unnerved by the appearance of rivals, and then continued his statement. But from that point on, the press conference was over. A skirmish had begun.

A combustible mixture of rivalry and intimidation has long fueled Newark politics, and for many of those present the meeting's chaotic turn was not a surprise. Amador and his colleagues blasted away at the mayor – accusing him of pursuing a fiscally unsound arena to satisfy his ego. They objected to using public dollars to finance two-thirds of the arena's \$300 million cost and argued that the city's chief problem was the rise in property taxes caused by its first revaluation in four decades.

Unwilling simply to listen, Mayor James jumped up to respond. He parried their attacks by stating that the city council determines taxes, not the mayor, and he accused Amador of lying about his record. Setting out his case for the arena, James bellowed, "This project is about creating thousands of jobs for Newark residents!" As the invective increased on both sides, an exasperated Amador shut down the press conference.

For all their expended energy, rarely do Newark's political representatives get it right. Stripped of the hyperbole and finger pointing, the arena involves a simple economic question: Is the project's initial public and private investment likely to encourage additional development that will raise tax revenue and create jobs for residents? This question, and its complicated answer, is missing from the debate. Neither side offers convincing arguments for or against the arena. And woven into their disagreement are a dozen past feuds that hobble any rational discussion.



It is becoming increasingly clear that the real problem is *not* a dissembling city government or a disjointed community, but rather the absence of commonly accepted economic development priorities, and no discernible effort by the key players to develop them. The arena fight is merely the latest outburst of Newark's decades long shouting-match over what kind of city it should be.

The Downtown Core

Two-dozen acres of abandoned buildings and parking lots, situated less than a thousand feet from Newark City Hall, are targeted for the 18,000-seat arena. Ranks of parked cars outnumber people in this neighborhood that was once a hub for small-scale manufacturing, but now hardly stirs. The site is adjacent to the noisiest and busiest blocks of the city: Newark's transportation hub of Penn Station, the Gateway office towers containing thousands of commuters and the city's retail epicenter at the crossroads of Broad and Market streets. "This is the perfect location for the arena, the best place in New Jersey," says Monteilh.

The arena is slated as the home ice for the New Jersey Devils hockey team and represents the latest manifestation of the city's ef-

fort to host a professional franchise. The city also announced in May that an expansion team of the Major Indoor Soccer League would join the Devils in the new arena, drawing fans from the Portuguese, Brazilian and other Latino communities that continue to grow in the city's East and North wards.

Since 1998 the city has sought to place a sports facility in downtown Newark, coming close several times. But the current arena is not a stand-alone project. It is part of Newark's "Downtown Core Redevelopment District," an ambitious plan announced by Mayor James in February. Surrounding the arena will be a municipal building for the Newark Board of Education, a 300-room hotel, a 3,500-car parking garage and significant office and retail space. It is an enormous undertaking for a city that often dreams big.

The conference table in Monteilh's City Hall office displays a model of the Downtown Core District. He describes the arena as an engine able to transform dozens of city blocks. Indeed, the model's white cardboard boxes represent planned construction to be scattered thickly throughout the downtown, and even into residential neighborhoods. "The arena is critical to the success of the Core," Monteilh says. "It is the catalyst. With-

out the arena, we would probably not pursue the other buildings."

High-priced sports stadiums built at public expense are generally unpopular with taxpayers, and opposition to these projects has gained currency since the 1998 book *Field of Schemes* rebuked them as welfare for wealthy team owners. To counter these attacks, Mayor James claimed in a Newark *Star-Ledger* op-ed that the arena is secondary to the Downtown Core's primary goal of "building and revitalizing a city," for once playing down his famous passion for the arena. Meanwhile, City Hall has cranked out numerous press releases predicting the core project will create 13,500 permanent jobs and generate \$1.15 billion in new construction and \$28 million in new taxes for Newark. But no detailed financial figures or market studies have been offered to support these projections. The state's decision to renovate the nearby Continental Arena, the Devils' current home, could hurt a Newark arena's ability to attract non-sporting events. Moreover, the Devils lose \$10 million a year according to a 2003 review of the National Hockey League and the Major Indoor Soccer League has had an unstable history. When pressed, city officials respond that it is too early for details, and point out

that the mayor has appointed a "blue ribbon" panel to advise him on all financial issues. The panel announced in late April that it was still gathering information and will issue an opinion this summer.

But that hasn't stopped the city from deciding to spend its money. In early May the state's Local Finance Board and the Newark City Council approved the city's financing plan, in which the Newark Housing Authority will sell bonds to raise about \$220 million. According to the *Star-Ledger*, the city plans to spend \$210 million from that sale on the arena — about 30 percent of the city's annual budget. (The Devils will pay the balance of \$100 million.) The remaining \$10 million from the bond sale would be spent on neighborhood and capital improvement projects. The city will pay off the bonds with the annual lease payments of \$12.5 million received from the Port Authority of New York and New Jersey (PA) for the right to operate Newark's marine terminal.

Newark has been involved in a long-running lawsuit against the port authority for allegedly cheating the city out of almost \$2 billion under the previous lease. In 2002 Monteilh concluded an agreement with the authority to settle the lawsuit and provide Newark with a payment of several hundred million dollars to fund a "capital project" — a thinly veiled reference to a downtown arena. Some Newark residents say the money could be put to better use elsewhere, and have filed a lawsuit to block the city's plan. Thus, the \$200 million PA windfall both enables the administration to finance an arena, and exposes the city to legal challenges by those who oppose it. But while the lawsuit slowly meanders through the courts, conditions in Newark have inhibited a wider public debate about the project.

An Elusive Renaissance

Newark today lives with two conflicting myths. Newark is not, as some suburban residents still imagine, a bombed out wasteland

of public housing towers and stolen cars. But neither is the city undergoing the full-throttle "renaissance" that Mayor James touts.

Mayor James is Newark's biggest booster and arguably the most powerful politician in New Jersey. During his 18 years as mayor the city has achieved some impressive gains, including the 1997 opening of the New Jersey Performing Arts Center (NJPAC). The \$180 million, 2,700-seat concert hall has drawn visitors from the city and the suburbs, despite skeptics who scoffed at a concert hall located just a dozen miles from New York's Lincoln Center — and in downtown Newark. Nonetheless, the city's expectations for NJPAC as a catalyst for further development have yet to be fulfilled.

In 1999 the city joined with Essex County to build Riverfront Stadium for the Newark Bears, a storied minor league baseball team that played in Newark until 1949, and whose Web site now proclaims the team to be "Leading Off the Renaissance." The stadium was one of the most expensive minor league parks ever built, with Newark fronting half of its \$36 million price tag. The stadium, plagued by cost overruns, poor attendance and few sponsors, costs Essex County taxpayers a million and a half dollars a year in debt service. And like the current arena project, the minor league stadium received tremendous support from Mayor James. Many Newark residents recall the fantastic promises about NJPAC and Riverfront Stadium — and are approaching the Downtown Core District with considerable skepticism.

Ray Codey, head of economic development at New Community Corporation (NCC) in the city's Central Ward, calls Newark's neighborhoods "the heartbeat of a city" that have nonetheless been neglected in favor of downtown development. Codey says that most of the neighborhood development that has occurred has been small-scale retail or housing, principally financed and complet-

ed by community groups and state agencies.

Alfred Faiella, Newark's former deputy mayor for economic development, defends the city's downtown preference by stressing that core projects produce "long-term commercial viability" not found in neighborhoods. Faiella, who ran the city's development office for three decades, has seen his legacy continue under Monteilh. Monteilh believes the downtown arena would best "leverage" the PA funds to create opportunities for more revenue. "Anything else would be pissing that money away," he says.

RESOURCES

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"Newark council approves financing for arena proposal," by Jeffrey C. Mays, *Newark Star-Ledger*, May 6, 2004.

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"Newark's Tax Abatement Program Hobbled by City Failure To Escrow: More than \$120 million collected but nothing set aside for tax relief," by Tim O'Brien, *New Jersey Law Journal*, January 13, 2003.

The arena fight is merely the latest outburst of Newark's decades long shouting-match over what kind of city it should be.

For a city still seeking to fulfill its promise of true revitalization, the real conversation has yet to begin.

But one group of Newark residents disagrees with that assessment. In November 2002, the organization SCORE (School, Community, Opportunities, Revaluation and Emergencies) filed a lawsuit on behalf of six Newark residents to challenge the city's use of the port authority lease. "My clients don't want public money to support this arena," says SCORE attorney Ira Karasick. "They believe the city's financial policy is not only unsound, but illegal." Plaintiff William Stewart, a resident of Newark since 1947, says the arena was not a major motivation for the original lawsuit. "This case is about Newark's senior citizens having problems with higher property taxes."

SCORE's lawsuit accuses the administration of several illegalities. But the heart of the case involves a link between the PA settlement and a 1999 state law requiring that the city put aside certain revenues for property tax relief. According to Karasick, the administration violated laws governing how cities raise and spend public money to convert the PA lease into cash for the arena. As he sees it, the city should devote the \$200 million settlement to address Newark's social concerns, including property tax relief. The city council's recent approval of the arena financing will not halt the SCORE lawsuit. "Our challenges to the financial arrangement are still completely valid, and we are amending our complaint to address the changes the city made to the arena financing deal," says Karasick.

By taking the city to court, SCORE is copying the strategy used successfully by a group of East Ward residents to delay the city's condemnation of their property for a 1999 arena proposal. In that case, architectural project manager Hal Laessig and his wife, artist Yoland Skeet, received notices informing them that their neighborhood was "in need of redevelopment." When defensive officials at city hall stonewalled their requests for more information, they learned from local newspapers that the city intended to demolish their houses to construct an arena. Before their property could be condemned, Laessig, Skeet and their neigh-

bors sued the city for flouting public meeting rules and other procedures. Karasick served as their lawyer. A year later, in January 2000, a state judge ruled the city violated the law and the administration halted its condemnation process. "I really can't believe we won," recalls Laessig. "We got a judge who didn't care who he would upset." Using the court decision to negotiate higher property values, Laessig and his neighbors sold their houses to the city. However, financing squabbles derailed that proposal, and the neighborhood was abandoned with neither residents nor an arena.

SCORE's strategy of focusing on rising property taxes is not likely to become a citywide movement, says Richard Roper, president of the Roper Group, a consulting firm. "Higher property taxes impact homeowners, but they are largely invisible to renters," he explains. Since around three-quarters of Newark residents are renters, Roper believes rising property taxes will only mobilize homeowners concentrated in the East and North Wards, and will not rally the entire city. Without a unifying complaint, the city's scattered arena opponents must rely on lawsuits. The courts enable precision attacks on Newark's economic development agenda, but their confrontational style inhibits any compromise or swaying of opinions. Karasick admits that his efforts generate more litigation than discussion, but he blames the administration's unresponsive nature to comment or criticism. "Unfortunately, the lawsuits have proved a strong and necessary tool — they spawn action," he says. Action is important to NCC, a long-time opponent of Mayor James, and a supporter of the SCORE lawsuit. "They have given aid and assistance," Karasick says of the prominent CDC. In a city without a tradition of effective dialogue on development priorities, the lawsuit has become the community's loudest, though most limiting, voice for change.

The *Star-Ledger*, New Jersey's largest

newspaper, at first supported a downtown arena for Newark. In 2002, when team owners were shouldering a substantial portion of the cost, and when it was assumed that two major teams, the Nets basketball team and the Devils, would be tenants, the *Star-Ledger* welcomed the project. But when Mayor James unveiled the latest arena concept in February, with the city contributing two-thirds of the \$300 million price tag, a *Star-Ledger* editorial rebuked the mayor, saying, "There are questions that must be answered before any time, money or land is consumed by this project." The administration's response is that public spending on catalytic projects is Newark's only method to attract outside developers. "We don't have the resources to do development ourselves," Monteilh says.

But the real resources Newark lacks are those devoted to strategic planning and community dialogue. Newark is a city in which economic development is completely detached from realistic goals and financial accountability. The planning staff within City Hall is small, and most are lawyers more comfortable with contracts than blueprints. The city's master plan process has sputtered off and on for five years, and Newark's major CDCs have been struggling to make their voices heard (see *SF* #134). Meanwhile, the arena appropriation includes \$25 million in pre-development funding for hiring planners, engineers and consultants — a vast amount for a city that usually ignores this type of work.

At press time several opponents of the arena are circulating a petition to place the arena's financing plan on the ballot as a public referendum, representing another challenge to this project. If the SCORE lawsuit or referendum drive is successful, it could postpone or perhaps defeat the arena. But no lawsuit or vote can bring the administration and the community together to discuss a common vision for what the city can be, and should be. If Sharpe James loses this arena, a new project, perhaps even another sports venue, will soon raise the same intractable issues, no doubt accompanied by more lawsuits. For a city still seeking to fulfill its promise of true revitalization, the real conversation has yet to begin. ♦

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