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Review of Development Opportunities & Enhancements



SPORT

Review of Development Opportunities &

Entertainment District Enhancements in Downtown Hartford

I. Introduction

Selection of the site for a new Hartford arena is potentially the most critical factor in the ultimate success of the facility as a catalyst for ancillary development. Increasingly, cities are seeking the public benefits that can be derived from arenas that are part of broader economic development strategies. The purpose of this report is to provide our professional opinion regarding opportunities for ancillary development that may exist with each of the proposed sites and to provide a recommendation as to which site(s) provides the greatest opportunity for a new civic center/arena to be a stimulus for development.

The goal of accommodating and maximizing private development is important, yet challenging. It is rarely the easy approach; however, it can be the solution with the greatest return on investment for the City. The benefits will, at a minimum, include economic development, but they could also be cultural and societal in nature, which can improve the quality of life for the residents of the community.

Our recommendations do not include a market analysis that studies the demand for development or appropriate product mix in the Hartford market. These studies should be undertaken in the future, should the City of Hartford decide to encourage and pursue ancillary development opportunities as part of a new arena project.

II. Development and Sports Facilities

Over the past fifteen years, a significant number of sports facilities have been constructed in the United States. Many of these facilities were strategically placed in urban cores to be cornerstones of massive revitalization efforts. Although there are numerous public-private partnership projects of this type that provide benefits to their community, we will highlight two that best exemplify the positive impacts that can result from a sports facility acting as a catalyst for a broader redevelopment. PETCO Park, a 42,000 seat ballpark in San Diego, CA, and Verizon Center, a 20,000 seat arena in Washington DC, were driving forces behind massive redevelopment efforts in their respective communities. These cities and their (re)development departments, in partnership with the franchise owners, made significant financial commitments through substantial investments in the facility, infrastructure and private development to make these projects not only viable, but thrive. These communities also selected sites that needed a stimulus and provided an opportunity to extend the development beyond the walls of the facility.

A. PETCO Park - San Diego, CA

PETCO Park, home of the San Diego Padres, was the catalyst for the most ambitious and complex redevelopment project in San Diego's history. This Major League ballpark, which opened in 2004, is the cornerstone of a lively new Ballpark District. Owned 70% by the City of San Diego and 30% by the San Diego Padres, this \$474 million public-private partnership project is a monumental success.

When the ballpark site was selected in 1998, approximately 70 percent of the surrounding land was vacant or used only for surface parking or outdoor storage. In that year, the entire East Village neighborhood generated only \$2 million in property tax revenue, and it consumed far more than that in public services. That area - blighted, littered, and home to a significant homeless population - is now booming with a variety of successful residential, hotel, commercial and retail projects.



1997



2007

The Center City Development Corporation (CCDC), the City of San Diego's redevelopment agency, reports that development investment within the 60-blocks surrounding PETCO Park is nearing \$4 billion. This private investment will exceed ten times the public investment in the ballpark (\$301 million) made by the City and CCDC. Projects completed, underway and planned for the ballpark area will result in 8,300 new homes, 1.3 million square feet of commercial space, 1,200 hotel rooms and more than 3,000 public parking spaces. Real estate economists have estimated that the area will generate more than \$300 million in property tax revenue over the next decade - an average of more than \$30 million annually, or a 15-fold increase from 1998.

The ballpark and urban redevelopment project provided a dramatic jump-start, compressing into a few years development that likely would have taken decades to occur. Seemingly overnight, San Diego is enjoying a vibrant new "Live, Work & Play" district.

B. Verizon Center - Washington DC

The Verizon Center (formerly MCI Center) is a multipurpose sports and entertainment facility located in the Gallery Place redevelopment area of northwest Washington, D.C. The center opened in 1997 as home to the Washington Capitals of the NHL, Washington Wizards of the NBA, Washington Mystics of the WNBA, and Georgetown University men's basketball. The arena is also used for amateur sporting events, concerts and shows, and other social events. A 14-multiplex theater, as well as retail and restaurant space within the complex, complements the arena, and proximity to the Metrorail mass transit system eases parking requirements and provides convenient access for spectators.



Considered the largest private-sector construction project in the District in years, construction of the Verizon Center cost sports team owner Abe Pollin nearly \$220 million. The District provided financial assistance in the amount of \$70 million for land and site preparation costs.

The Verizon Center served as the primary vehicle for revitalizing the downtown entertainment district and Chinatown neighborhoods of Washington D.C. The arena was the centerpiece of a broad economic development plan that helped spawn new restaurants, housing and office developments in the once desolate Chinatown area. The Washington Post reported that from 1998 to 2006 businesses in the seven blocks surrounding the Verizon Center have generated \$3.7 billion in construction, \$161 million in taxes and 34,200 jobs.



Before Redevelopment

After Redevelopment



III. Opportunities and Challenges of Downtown Hartford

As with all mature cities, there are numerous opportunities and challenges that exist with locating an arena downtown. The following list is just the start of a more exhaustive exercise to evaluate and ultimately develop a plan to take advantage of the opportunities and overcome the challenges of development in downtown Hartford.

A. Opportunities

- Currently 80,000 workers downtown
- Significant existing infrastructure in place
- Considerable public investment is already in downtown
- A proven demand in the market for a civic center
- A need for a downtown community
- A potential demand for hotel rooms
- Residential development is starting to gain traction

B. Challenges

- A limited residential and retail base
- Significant competition from the suburban areas
- A limited supply of existing parking

IV. Site Analysis

A. Development Categories

To frame our site analysis from the perspective of accommodating ancillary development, we placed each of the sites into one of three basic development categories: Stand Alone, New Development and Redevelopment.

1. Stand Alone: Site 6 (Adriaen's Landing)

The Stand Alone category identifies a site that has very little ancillary development opportunity. Site 6 is directly adjacent to the new convention center and other new developments that include a major hotel. There are numerous existing office and other sizeable buildings in the vicinity where a new arena would be built, limiting the development opportunities at this site. Another significant concern with this site is that a new development plan already exists and appears to be moving forward. Although this would be an appealing site if the City desired to build an arena that would complement the convention center, the site offers very little opportunity for additional development and enhancements to downtown.

2. New Development: Site 2 (High St), Site 3 (Main St), Site 7 (Sheldon St)

The New Development category identifies sites that could be part of significant new developments, but they would have minimal connection to downtown. Sites 2, 3, and 7 are adjacent to downtown, but they do not sit within the core. Each site provides enough land for ancillary development, but would need to create an entirely new development with enough critical mass to be a destination for visitors to the arena during events, and more importantly for residents, office workers and retail patrons during non-event periods. One concern with these sites, although they lie within the City proper, is that they would actually hinder people from going downtown. Those driving from the suburbs would likely drive directly to these sites and then leave without patronizing the businesses in the downtown area.

3. Redevelopment: Site 4 (Asylum St), Site 5 (Existing Civic Center)

The Redevelopment category includes sites that sit adjacent to existing and planned development that would benefit from the stimulus provided by an arena to reach greater potential. Sites 4 and 5 site are both located in an area that is starting to realize increased private development activity. These sites are also appealing due to the additional development opportunities that exist on adjacent property. Both of these sites would benefit greatly from a new arena as an amenity to the surrounding community and a mechanism by which ancillary development opportunities are integrated into the urban plan.

B. Development Considerations / Criteria

To assess the relative strengths of each site, we established a set of development considerations/criteria. These basis questions assist in evaluating the key elements that will influence the project's overall probability for success.

1. Market Condition: Is there a market demand on the site?
2. Enhanced Value: Is the site capable of enhancing real estate values for the surrounding land?
3. Infrastructure: Does the site have sufficient infrastructure in place?
4. Development Opportunity: Does the site have significant development opportunity (both in scope and scale based on FAR, entitlements, etc.)?
5. City Needs: Can the site be a catalyst for the City's most desirable product type (residential, office, hotel)?
6. Public Financing: Are public financing alternatives available to assist with financing the arena on this site (TIF, public bonds)?
7. Public Benefit: Could the site derive great benefit for the public?
8. Development Phasing: Does the site provide the flexibility for the phasing or natural evolution of the private development?
9. Critical Mass of Development: Could the site quickly achieve a critical mass of development?
10. Access to Transit: Does the site have access to mass transit and transportation?
11. Development Integration: Could the site provide an opportunity to integrate the new development into the new arena?
12. Activity Center Proximity: Is the site proximate to other existing or planned activity centers that could benefit the project?

C. Summary Chart

To measure each site against the given development considerations/criteria, we established a basic rating system, which illustrates our assessment of the probability for success in each category: High = 3 points / Medium = 2 points / Low = 1 point.

		SITE 2	SITE 3	SITE 4	SITE 5	SITE 6	SITE 7
		High Street	Main Street	Asylum Street	Existing Civic Cntr	Adriaen's Landing	Sheldon Street
1.	Market Condition	Low	Low	Medium	Medium	High	Low
2.	Enhanced Value	High	High	Medium	High	Low	Medium
3.	Infrastructure	Medium	Medium	Medium	Medium	High	Low
4.	Development Opportunity	Medium	Medium	High	High	Low	Low
5.	City Needs	Medium	Medium	High	High	Low	Medium
6.	Public Financing	Medium	Medium	Medium	Medium	Medium	Medium
7.	Public Benefit	Medium	Medium	High	High	Medium	Medium
8.	Critical Mass Development	High	High	Medium	High	Low	Medium
9.	Access to Transit	Medium	Medium	High	High	Medium	Low
10.	Existing Development Integration	Low	Low	Medium	High	High	Low
11.	New Development Integration	High	High	Medium	High	Low	High
12.	Activity Center Proximity	Medium	Medium	Medium	Medium	High	Medium
	POINT TOTAL	25	25	28	32	23	20

Note: Site 1 (Myrtle Street) was dismissed after further review due to physical constraints of the site.

V. Conclusion

Given our position that the arena could provide an enhanced return on investment for the City of Hartford as part of a larger development project, and more specifically if the arena were to act as a stimulus for redevelopment, we recommend that the City of Hartford embark upon a more extensive analysis of the Redevelopment sites. Although Site 4 is considered a redevelopment alternative, the removal of a significant number of existing buildings deems this alternative as less than desirable. On the other hand, a reconfigured arena on Site 5, the Existing Civic Center site, provides the best opportunity for the City of Hartford.

The Existing Civic Center site is adjacent to the significant investments of Hartford 21, the historic Goodwin Hotel, an existing retail environment that includes Pratt Street, and the development opportunities on the land between the site and the train depot. This site is also close to the new residential development opportunities overlooking Bushnell Park. In the aggregate, these adjacent properties provide a beneficial mix of existing development, new opportunities for higher density development and the potential for a new mixed-use neighborhood that could include a range of product types that include, but may not be limited to, retail, hotel, office and residential that could include a live-work loft product.

In summary, when analyzing the sites against the considerations and criteria that we developed for this report, the site of the Existing Civic Center, Site 5, emerges as the best location for providing opportunities for ancillary development and enhancements for downtown Hartford. If the City believes that redevelopment of an area of downtown increases the public benefit, then a public-private partnership with the goal of developing a world-class arena that is integrated into a broader urban plan is best achieved at the Existing Civic Center site.

A City must carefully make a determination as to the desired outcome when considering an investment in major civic asset, and that determination must be based upon fact. Therefore, prior to the final site selection, it will be important for the City of Hartford to commission significant additional studies to include, but not be limited to, market analysis, development feasibility analysis and construction feasibility.