

NFL Los Angeles Relocation: Rams Are Front-runners After Hollywood Park Stadium Vote, But Questions Remain

By Thomas Barrabi

February 25, 2015

The Inglewood, California, City Council's unanimous approval Tuesday of a plan backed by St. Louis Rams owner Stan Kroenke to build a privately funded NFL stadium drew a riotous response from supporters who have long awaited the franchise's return to Los Angeles, which it abruptly left in 1995. The vote lets Kroenke and his development group partners pursue construction of the 80,000-seat facility without public votes or reviews of potential environmental issues.

The Hollywood Park redevelopment plan's supporters argue the stadium will bring millions in revenue and thousands of jobs to Inglewood and the surrounding area. Myriad questions remain, such as whether the stadium will truly bring economic prosperity to Inglewood and whether Kroenke will use the project to leverage a new stadium out of taxpayers in the Rams' current St. Louis market. But would-be fans of a relocated franchise were content with the notion that the Rams have now surpassed the Oakland Raiders and San Diego Chargers as front-runners to secure the rights to the NFL's inevitable return to the City of Angels.

"There was a tremendous amount of enthusiasm. There were 50 speakers, and the vast majority, I would say 90 percent, were overwhelmingly positive about the project," said Bring Back the Los Angeles Rams booster group director Tom Bateman, who attended the council meeting. "When the vote finally came, there was a sense of triumph, a kind of 'at long last, they're now taking the next step.'"

The 5-0 vote in favor of the Inglewood stadium project occurred just weeks after Kroenke, Stockbridge Capital Group and other members of the Hollywood Park Land Co. development group announced their intention to pursue a redevelopment of the area. The plan will draw upon private funding to build a retractable roof stadium that will cost an estimated \$1.86 billion, a price tag that would make it the most expensive arena in U.S. sports history, according to the Los

Angeles Times. Developers would also construct a casino, hotel and housing complex at the site, which was formerly home to the Hollywood Park racetrack.

Inglewood Mayor James T. Butts Jr. is firmly behind the plan, which he described as “the best financial arrangement in the history of stadium deals in this country” due to its minimal burden on local taxpayers. A consultant hired to predict how the deal would affect Inglewood’s economy said the NFL stadium would add as much as \$18 million to the city’s coffers annually within 10 years of its opening, with an average game ticket sold at an estimated \$140.

While a vocal portion of Inglewood residents seem to support the stadium, the redevelopment plan is not without its share of critics. Detractors have expressed concerns about how an NFL stadium would affect Inglewood’s auto traffic, as well as potential damage to the local environment. Others worry that city officials allowed the project to progress too quickly from theory to reality.

“Let’s not forget quality of life is not something you can put a price tag on,” said Diane Sambrano, a local Inglewood activist and outspoken critic of the Hollywood Park stadium, according to the Orange County Register.

One aspect of the NFL’s potential relocation to the Los Angeles area is all but clear – the Rams now have a distinct advantage over the Raiders and Chargers in the race to secure support for a move. NFL Commissioner Roger Goodell shut down talk in December of relocation in time for the 2015 season, but the league has repeatedly expressed interest in an eventual move.

The Rams, Raiders and Chargers are each in the midst of protracted battles with officials in their respective cities to secure public funding for stadiums in their current markets. All three franchises have year-to-year leases in their current stadiums, with the option to terminate any existing agreements at any point to pursue a move to Los Angeles.

Kroenke has repeatedly threatened St. Louis city officials with relocation if they will not commit the hundreds of millions of public dollars required to rebuild or replace the antiquated Edward Jones Dome. The owners of the Chargers and Raiders have made similar threats to officials in their home markets.

The race for Los Angeles intensified earlier this month when the Chargers and Raiders shockingly announced their intention to jointly pursue – and potentially share – a privately funded \$1.7 billion stadium project in Carson, California. “We are pursuing this stadium option in Carson for one straightforward reason: If we cannot find a permanent solution in our home markets, we have no alternative but to preserve other options to guarantee the future economic viability of our franchises,” the teams said in a joint statement, according to ESPN.

Chargers and Raiders executives purportedly accelerated talks on a potential agreement in direct response to Kroenke’s initiative, but the Rams’ Hollywood Park project remains the more likely

choice for any future relocation. For one, Inglewood's City Council vote could allow developers to break ground sooner than the Carson project, which has yet to achieve the necessary signatures required to bring its proposed stadium to a vote.

More importantly, Kroenke's role as the sole owner attached to the Inglewood stadium makes for a smoother solution than the joint venture proposed by the Chargers and Raiders. Either franchise could choose to drop out of the agreement if it achieves a stadium deal in its current market, which means a unified vision will be difficult to maintain.

"That sure seems like a pretty daunting challenge, whereas you have Kroenke and the Rams as the only franchise involved, and then Kroenke involved on the development side of the stadium as well. It seems cleaner and easier," said Chad McEvoy, graduate program director in the department of sport management at Syracuse University in New York.

Threatened relocation has been a common practice within the NFL for years, with owners dangling Los Angeles as a potential landing spot to secure public funding. It's a blackmail tool that NFL owners may be reluctant to relinquish.

It's also what makes Kroenke's motivation in his pursuit of the Hollywood Park stadium unclear. On one hand, Los Angeles is a bigger market than St. Louis and could provide the Rams with a larger public following and new sponsorship opportunities. On the other hand, critics are skeptical that the Rams owner will pay out of his own pocket to move to Los Angeles if St. Louis offers to commit hundreds of millions of public dollars to a new stadium. Inglewood's approval ensures Kroenke will benefit no matter his motives. He will either have the leverage to get more money out of St. Louis or a jump-start on construction to beat out the Chargers and Raiders.

There's also no easy way to verify if the consultant's prediction of an economic windfall for the city of Inglewood will actually come true. Economists have found little evidence that the arrival or departure of a sports franchise has a discernable effect on a major city's economy. A 2004 study by the Cato Institute in Washington analyzed 37 U.S. cities over 30 years and found that not one of them experienced an economic boost related to the presence of a professional sports franchise.

"Economists who have actually looked at economic data for cities that have gained or lost NFL franchises, we can't seem to find any major benefits in terms of employment, in terms of GDP, in terms of tax revenues from adding an NFL franchise to a metropolitan area," said Victor Matheson, a professor of economics and accounting at the College of the Holy Cross in Worcester, Massachusetts.

Part of the problem is that a new NFL franchise in Los Angeles will not necessarily bring new fans or, by proxy, new spenders to the city's market. The city has so many entertainment options, sports and otherwise, that residents will simply spend their money on an NFL ticket instead of an NBA ticket or a trip to Disneyland.

“Most economists that have studied this, the tax revenue benefits, the urban spillover positive effects, they’re really pretty small,” said Brian Goff, professor of economics at Western Kentucky University in Bowling Green. “What you’ll see is a little bit of localized effect, but that’s coming at the expense of dispersed spending other places. In the end, if you’re not bringing in new dollars, new people, then you’re really just talking about reshuffling dollars that would have been spent somewhere else,” Goff said.

Still, there’s no disputing the notion that relocation would cause a major boost in local enthusiasm from any existing NFL fans in Los Angeles or its surrounding suburbs. Some of that fanfare has already begun.

“We’re extremely confident it’s going to happen. The biggest demonstration of that is the Rams owner Stan Kroenke is putting out his own money to build this stadium. He’s not dangling a carrot in front of Inglewood,” said Bateman, the director of the Bring Back the Los Angeles Rams booster group.