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Nationals Park, once doubted as an engine of growth, lived up to its promise. But at what cost?

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A year and a half ago, when Rahul Vinod moved from Gaithersburg to a rowhouse three blocks from Nationals Park, his friends in the suburbs responded with a collective groan: "Man, that's a hike," they would say.

Since then, six of his friends have moved to the neighborhood, drawn to the District of Columbia's fastest-growing area by its sparkling new parks, easy access to Metro and an array of new bars and restaurants.

In 2005, Andy Litsky, a longtime resident of Washington, led the fight against construction of a baseball stadium near his neighborhood. A ballpark, he argued, would damage the environment, boost crime, make unbearable noise, clog traffic and make life worse.

A decade after Nationals Park opened, Litsky has changed his mind. "We are the area where the cranes rise," he says now. "Nats Park has been a tremendous boon to the region and the city and even to our neighborhood."

Sports stadiums - expensive and controversial wherever they're built - rarely live up to their promise as engines of economic growth. Economists tend to disapprove of government subsidies for sports facilities. The public isn't keen on the idea, either: When the District government was considering how to finance the Nationals' \$600 million stadium, more than two-thirds of District residents opposed using public dollars, a Washington Post poll found.

But when Major League Baseball's All-Star Game comes to Washington on Tuesday night, it will be played in the sport's most successful new market in decades. After a 33-year absence, baseball's return to Washington has forged a new fan following, expanded the city's tax base and sparked the build-out of a part of town most people barely knew existed.

Before baseball, the neighborhood then known as Near Southeast was an urban backwater where some streets were unpaved, hardly anyone lived and commerce was negligible. This was where the city put things many people didn't want to see - tangled scrap yards, dusty concrete plants, sex and strip clubs, and block after block of trash-strewn vacant lots.

In the past decade, the number of households in that area has nearly quadrupled, from 977 to 3,809. The average income has shot up from \$34,379 to \$78,265, according to tax data compiled for The Post by the District government. The value of residential and commercial property has exploded, from \$1.15 billion in 2008 to \$2.65 billion this year.

When the Nationals moved into their new home in 2008 after spending their first three years at decrepit old RFK Stadium, the surrounding area was barren. The recession hit as the ballpark opened, and plans for a festive entranceway to the ballpark brimming with retail and entertainment options collapsed.

"For years, people looked at me like I was crazy," said Michael Stevens, president of the Capitol Riverfront business improvement district. "For so long, we got criticized for the two big holes outside the stadium, for having no place to eat and no grocery store. I just kept saying: 'Wait; people love water. We're on the water.' "

As the economy came back and as the Nationals found success on the field, making the National League playoffs in four of the past six seasons, the transformation has been dazzling. Residential towers continue to rise. Waterfront eateries abound. And boarded-up low-income housing projects have been replaced with colorful rowhouses and a mixed-income community.

In 2003, when then-Mayor Anthony Williams announced his goal of adding 100,000 people to the District's population, hardly anyone took him literally. The city had been losing residents for so long - the District lost 118,000 residents in the 1970s alone - that even a modest increase would seem like an achievement.

Baseball, Williams believed, could accelerate the city's growth. He argued that one of Washington's most underappreciated assets was its waterfront. If the Anacostia River, for decades a sewer of trash and human waste, could be cleaned up, people would want to live, play and work along its shores: "My whole shtick with the District was: 'We're punching below our weight. We're the capital of the United States, and our riverfront is a mess,' " Williams said in an interview.

Williams led the effort to persuade MLB to give the city its third chance (today's Minnesota Twins and Texas Rangers are Washington Senators franchises that fled the District in the 1960s and 1970s). Landing a team and putting it near the river could "move the city's center of gravity away from the Mall," Williams said. He would use revenue from the stadium to clean the river and create a mixed-income community.

But building in Washington is a bureaucratic slog and a political nightmare. "As mayor," Williams said, "I couldn't push for more density in Northwest because those are the voters who brought me to the dance." Near Southeast was a developer's dream - an area with hardly any residents to rise up against the addition of people and traffic.

The largest housing complex in Near Southeast was a decrepit project called Capper-Carrollburg. Williams proposed to replace it with a blend of market-rate units, apartments subsidized for working families and low-income housing for those who were displaced.

That initiative, as well as the U.S. Department of Transportation's move into a new headquarters near the Navy Yard, planted seeds for a new neighborhood, but the stadium made everything move faster than he had ever dreamed, said Williams, who now runs the Federal City Council, a business group that promotes the District: "Baseball showed people that this was a new D.C. where there's stuff to do at night."

Where Amelia Mercer went to church when she was growing up in the projects, a popular urban park now features a little ice rink in winter and a summertime splash pool where her son and nephew frolicked one steamy afternoon recently.

"This is real nice," said Mercer, 36, "but they just wiped out where we grew up. Now nobody can afford it here, not even the people who move in - they have to get four or five friends to live with them to pay the rent."

Mercer recalled a childhood in a place that "was dirty, with a lot of crime. But it was a neighborhood," she said. "People knew your name." Although she moved to Northeast, she comes back so her boys can play in a safe place. "It's not for us, but I like it here anyway."

Fifteen years after Williams first pushed baseball on the riverfront, the city's population is up by 130,000, topping 700,000 for the first time since the 1970s.

Now there's a Harris Teeter near the ballpark, and this fall a Whole Foods will open, too. Where there was only a convenience store and a liquor shop alone on a block of rubble, there are now 52 restaurants, with seven more opening this year. Where the waterfront was a ragtag jumble of fenced-off gravel pits and wretched piles of trash, there is now a sleek boardwalk with reflecting pools where children splash and lawns where families take in concerts and movies.

Hardly anyone foresaw the area's explosion in value. Even the team's owners didn't expect the stadium zone to morph so quickly into a thriving residential community. "Back then, we thought the big economic impact would be jobs," said Gregory McCarthy, the Nationals' vice president for community engagement, who was Mayor Williams' deputy chief of staff. "But the ballpark made this more than an office zone."

"The stadium mentally mapped our neighborhood," Stevens said. "It helped people understand that a place they knew as an unsafe area of dance clubs and strip clubs was now a safe neighborhood."

Virginia Arrisueño was a student at the University of Maryland when she discovered Near Southeast as a place where all-night dance clubs such as Tracks and Nation were tucked far from neighbors who might complain about noise. She and her friends would take Metro to the Navy Yard station, then run to the clubs because the blocks in between were so dark and desolate.

Now she is creative director of Steadfast Supply, a fashion and gift emporium two blocks from that Metro station that features local products and attracts office workers, residents and weekend visitors. "Sales still decline in the winter," she said, "but as baseball season starts, we get lots more people - and parking becomes harder."

Rapid growth has clogged the area sooner than anyone expected. "Parking and traffic are definitely a concern," McCarthy said. Every new apartment tower eliminates another surface parking lot, and Metro's financial ills and the resulting cut in service hours have compounded the congestion.

"A world-class city generally has Metro open past midnight on weekdays," McCarthy said. "Closing it at 11:30 is injurious to business."

As much as former critic Litsky enjoys his neighborhood's new amenities, "we have crazy traffic and a parking crisis, and the area is only half-built," he said.

If the District were to win Amazon's intercity sweepstakes for locating its second headquarters, a prime spot for the company's new campus would be just a block from the ballpark, a vacant lot where a top-secret CIA facility was torn down in 2014. (Amazon chief executive Jeff Bezos owns The Post.) Such a move would put 50,000 employees in a location some MLB officials once worried might be too remote to support a stadium.

Albert Oh grew up keenly aware of the troubles in a place most Washingtonians barely knew existed. His parents owned a corner store in the Capper-Carrollsborg projects - bulletproof glass separated the merchants from their customers - and although the family lived in Silver Spring, Maryland, his parents required young Albert to join them on weekends. He would sit in the corner, "watching for shoplifters," he recalled. "I hated coming here."

But in 2009, with the shop shuttered for lack of business as the projects were being razed, Oh decided to bet on the place he had long dreaded. He reopened and moved in, living above the store, which he turned into a light and airy deli.

The first years were slow, but Cornercopia is now thriving, and Oh and his wife credit the ballpark with persuading people that this would be a safe and vibrant place to live. Foot traffic is strong, and property values are up - the building next door sold for \$40,000 three decades ago, when burned-out structures dotted the block. Now houses on the block sell for more than \$600,000.

"It's good to live where you know a lot of your neighbors," said Oh, 41. "My parents moved to California, but when they visit, it kind of blows their minds. If they foresaw what this was going to become, they'd have bought more property."

It wasn't always clear that people would come. Even Williams, a Nationals season ticket holder, admits to some trepidation when the ballpark opened with virtually nowhere to eat outside its gates. The recession had hit just as construction was to have begun on several developments. For years, two giant construction holes on the block between the stadium and the Metro station reminded fans that the area was not growing as promised.

The Nationals were also terrible, which made it hard to build a fan base. It wasn't until 2012, when the Nats posted their first winning season, that the franchise climbed out of baseball's attendance cellar and became one of the sport's most consistent draws.

This year, about half of the stadium's 41,000 seats are sold to season plan holders, the team's best performance to date, said Valerie Camillo, the Nationals' chief revenue and marketing officer.

Entering Saturday's games, attendance at Nationals Park was 12th among baseball's 30 teams, at an average of 31,775 this year, slightly up from last year despite the Nats' unexpectedly mediocre play. The team's TV ratings have also grown stronger, moving from the bottom third of the majors to 12th place last year, according to Nielsen data.

The case against pouring public money into sports stadiums starts with a simple truth: Some team owners build ballparks and arenas with their own dollars. So why would taxpayers take on that burden, especially when most sports facilities don't spark development of a new neighborhood?

"Professional sports generally have little, if any, positive effect on a city's economy," Dennis Coates and Brad Humphreys wrote in a 2004 study. The only benefit baseball might bring the District, they said, was an intangible: making fans feel good about the city.

Fourteen years later, Coates, an economist at the University of Maryland Baltimore County, stands by his prediction. "It is very common for people to say, 'Just stand here and look at all the cranes,' and attribute that to the stadium," he said. "Yes, but it is one big shell game. This is not income growth; it's redistribution. It's money that was being spent in northern Virginia or Georgetown, and now it's being spent near the ballpark."

Economists such as Coates warn politicians to beware of the substitution effect - the idea that the money fans spend at a ballpark is money they would have spent anyway on other forms of entertainment.

But District officials argued in 2004 that Washington is a special case. Rather than simply displacing entertainment spending, much as the flowering of restaurants has taken business from eateries in Georgetown, Dupont Circle and downtown, Nationals Park draws revenue to the District from Virginia and Maryland.

"Look, I'm not arguing for stadiums in general," Williams said. "But the District is unique. The revenue from baseball is coming mainly from fans in Virginia and Maryland." The Nationals say 80 percent of their fans come from the suburbs - 45 percent from Virginia and 35 percent from Maryland.

Coates, who has not been to Nationals Park, concedes that "it is fair to say that the stadium is part of the reason for all the new development. But why do you need a stadium to build housing? Can't you incentivize developers to build without a stadium?"

District officials say the explosion of residential growth has brought the city a gusher of new tax dollars. Most of the 8,500 people who have moved into the neighborhood since the stadium opened have come not from other parts of the District but from Virginia, Maryland and other states, according to District data.

The neighborhood's largest developer, Forest City Washington, whose 25-building The Yards project is about one-third complete, says 65 percent of its residents moved from outside the

District. Just under half of those newcomers arrive from the District suburbs and the rest from farther afield, said Deborah Ratner Salzberg, the developer's president.

All told, by 2030, about 34,000 people will live near the baseball and soccer stadiums, Stevens said. (Two blocks from Nationals Park, 20,000-seat Audi Field, home to D.C. United, opened Saturday night.)

By financing Nationals Park, the District government limited its ability to fund schools and other vital structures. But now the city collects so much revenue from ballpark-related taxes that "we're going to pay off the debt 10 years early," District Chief Financial Officer Jeffrey DeWitt said. "Tell me another city that's done that."

Receipts from taxes on tickets and food and drink sold at the ballpark, plus the ballpark tax levied on the city's 2,700 largest businesses, have run so far ahead of projections that last year the District made an extra \$17 million payment on the stadium loan, DeWitt said. "That's a third of a new middle school right there," he said.

Williams said his original plan envisioned a faster funneling of stadium receipts to support affordable housing and the cleanup of the Anacostia. But after the nation's financial crisis hit, the city redirected some tax receipts away from community benefits.

That has led critics from right and left alike to question how much the stadium has helped the city. Coates, who critiqued public investment in sports facilities for the libertarian Cato Institute, and Litsky, who objected to using public money that could have supported low-income residents, both see little trickle-down from ballpark tax receipts to the city's neediest population.

"With all the growth we've had down here, we should have more ability for low- and middle-income people to live in the city," Litsky said.

Seven months ago, Vinod, 28, and an old friend opened Rasa, a fast-casual Indian eatery one block from center field where a decade ago there were only empty lots, auto service garages and industrial blight.

They had searched the city for a location with plenty of foot traffic from office workers at midday and residents and visitors in the evening. Shaw was hopping at night but slow by day. Chinatown was busy but too expensive. Dupont seemed to be losing steam.

"One reason we picked the ballpark area was because baseball brings in tens of thousands of people 81 times a year," Vinod said. "Winter is still a little slow, but look at all the cranes. This is happening so fast. And we're right at the water; people naturally gravitate to water."

Things are going well so far - Rasa has 25 employees - and Vinod's concerns have already shifted. A year ago, he wondered whether there would be enough foot traffic. Now his worry is whether the paucity of parking will deter some people from visiting the area.

Baseball has "greatly accelerated the speed and intensity of development," said Salzberg, and the growth has taken on a life of its own, leapfrogging South Capitol Street and extending along the Anacostia shoreline. The river walk that now extends about 15 blocks from the Navy Yard to the

ballpark will continue along near the new soccer stadium and from the new Wharf development to the old fish market. Soon, the only missing link in a miles-long river walk will be Fort McNair, a 227-year-old Army post where top officers enjoy waterfront housing along Generals' Row.

It took baseball for the city to rediscover its riverfront, but now the appetite for growth seems limitless. "This is ultimately going to be one long waterfront neighborhood," Salzberg said. "As D.C. keeps growing, we really have too much federal land, and waterfront is just critical."