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CITYSPACE

Unconventional Development



GROWING PAINS: Convention Center expansion advocates say the facility needs to get bigger in order to draw events like those in New York City and Las Vegas. But does that make it wise to curtail other development in surrounding blocks? Photo By: Michael T. Regan

Too many buildings will perish if Convention Center expansion plans come to fruition.

by Angie Liou

It's been more than two months since City Council passed a bill preventing improvements for the next two years on properties within the area that has been designated "pending public acquisition zone." As real estate values rise on these parcels between Broad Street and the Convention Center, the city has effectively halted market-driven growth.

The city expects to expand the Convention Center westward to Broad Street, but lying in the path of development are parking lots, Pennsylvania Academy of Fine Arts' Metzger Building, the Gilbert Building and a handful of buildings caught up in the loft-conversion trend. As the city prepares for site acquisition and hammers out how the expansion will be financed, little public discussion has taken place about *why* we want to expand a Convention Center that had one of the lowest show return rates in the country just a year ago.

Advocates of expansion argue that an additional 260,000 square feet of space will enable the Convention Center to compete with other cities for large conventions that can generate substantial economic growth and tax revenues. Notwithstanding the notorious labor disputes of the past three years, Philadelphia has done a good job of attracting mid-sized conventions and shows. How much larger would our Convention Center have to grow in order to compete with New York City and Las Vegas? Perhaps the city should concentrate on developing a niche in attracting mid-sized shows instead of competing for mega-conventions.

The economic growth and revenue generation argument is a familiar one that's been used to support the original Convention Center construction and other public projects including the new stadiums in South Philadelphia. According to a 1999 Pennsylvania Economy League report, the Convention Center generated a total of \$95.4 million in city tax revenues between 1995 and 1999, including sales and wage taxes from new employees, sales tax from convention delegates, and hotel property and occupancy taxes. As that averages about \$19 million a year, the city still profits after paying about \$13 million of annual lease and service fee to the Center.

At present, cost estimates for the expansion hover around \$600 million and could increase, as they typically do for public projects. Whether the expansion would generate enough additional tax revenues to cover such a steep price tag is questionable. The Convention Center may have a better shot at attracting more conventions and increasing its revenues by improving its management and streamlining labor. The unified labor agreement reached last summer is a first step in this effort. Sadly, the Convention Center has generated little economic spillover in Center City other than hotel construction. Besides boosting the Reading Terminal Market and Hard Rock Café, the construction of the Center has spurred no new significant restaurant, entertainment or retail developments

Some expansion proponents make the case that it will stimulate much-needed activity on the North Broad Street corridor. It is true that this area suffers from building vacancy and the unpleasant presence of parking lots and garages. However, tearing down historic buildings and replacing them with a giant Convention Center structure may not be the best use for this location. The success of Broad Street immediately south of City Hall lies in a mixture of uses that includes office, clothing retailers, a bookstore, a music store, restaurants and more. North Broad already hosts a number of megastructures that contribute little to the streetscape and the pedestrian experience.

As City Council and Mayor John Street struggle to piece together a budget for the upcoming fiscal year, they battle over what taxes should be reduced and which city services will get axed. Three months ago, Street painted a grim picture of recreation center and swimming pool closings, in addition to an array of community service and program cuts. Considering these painful cutbacks, is it fiscally responsible for elected officials to continue to push for the expansion of the Convention Center, whose ability to generate much additional tax revenue is dubious?




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nt to try harder to convince us that this is a sound public investment--
xpanding a Convention Center that serves convention delegates who
le we Philadelphians must put up with closed community centers and
et. But for now, the smart thing for the city to do may be to hold off
rating the existing Convention Center more efficiently.

Angie Liou is a recent graduate of the City and Regional Planning program at Penn.

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