



# Plan B for Atlantic City

Casinos can take a city only so far. By Lisa Selin Davis

## WHEN

HURRICANE SANDY DESTROYED A SWATH OF ATLANTIC CITY'S FAMOUS BOARDWALK IN October 2012, the city was already deep in the midst of a storm. Battered by competition after gambling was legalized in nearby states, and hobbled by the recession, Atlantic City's casinos had lost some 20,000 jobs and \$2 billion of revenue since their peak earnings in 2006. The 12 casinos that were supposed to be the engines of economic development for the city were now hurting, and the blight that the casino revenue was supposedly going to ameliorate had only taken a tighter hold on this Jersey Shore resort.



Atlantic City is remaking itself. Its Atlantic City Tourism District Master Plan calls for diversifying the economy, creating a better street-level experience, and enhancing the boardwalk, where one idea calls for innovation pavilions (shown in this rendering as beacons of light) that entertain and inform. Another major shift: its casinos will finally engage with the boardwalk and the rest of the city. COURTESY NJ CRDA; THE JERDE PARTNERSHIP, INC.

But it's possible that the trifecta of assaults on Atlantic City (pop. 39,504) could be a blessing in disguise. After decades of letting the city fester, suddenly the casino operators need to embrace it. The state, city, and casino owners have banded together to reinvent Atlantic City as a cultural destination, hoping to draw a new class of tourists and a new infusion of cash. While the rest of the country looks to gaming to buoy local economies, Atlantic City will now look beyond it. The question that critics ask is this: Is the city looking in the right direction?

## **Sticking to the promise**

When the first casino, Resorts International, opened its doors in Atlantic City in 1978, the newly legalized gambling industry came with a promise: Revenue from gambling would be used as a “unique tool for urban revitalization of Atlantic City,” according to the Casino Reinvestment Development Authority, a nonprofit created by the state of New Jersey.

There was plenty to revitalize: crime, blight, unemployment, and poverty that proliferated as the “Queen of Resorts” deteriorated, thanks to the rise of air travel and the prominence of competing resorts. Each casino was required to reinvest two percent of its gaming revenue in economic development and community projects, but by 1984, no casino had done so. So the state created the CRDA and offered casinos two options: pay 2.5 percent of revenue to the state, or allocate 1.25 percent to reinvest through the CRDA. They chose the latter, and complied.

Thirty-five years after the first dice were rolled, gaming is New Jersey’s third largest industry; casinos there have earned \$113 billion, and the CRDA’s investments have ranged from a minivan for the local police athletic league to subsidized housing, and expansion of the Camden Aquarium to upgraded lighting on Atlantic City’s famous boardwalk. Casino funds have helped to pay for the expansion of the police ambassadors program, and helped to support an air show, concerts, and a triathlon.

Still, the blight has continued. Unemployment exceeds 11 percent. Abandoned buildings scar the street, just a block off the boardwalk, and nearly one-third of the population lives below the poverty line. The casinos did very little to change that.

“A lot of economic development revenues were reinvested back into casino development,” says Bryant Simon, a professor of history at Temple University and author of *Boardwalk of Dreams: Atlantic City and the Fate of Urban America*. “The casinos generated lots of revenue for casino owners and stockholders, and provided jobs for the rest of South Jersey, but they didn’t do much to redevelop Atlantic City as a functioning urban space.”

Even infrastructure development, like roads and tunnels, funneled visitors from the highways to the casinos, turning them away from the city itself, Simon says. The street grid ends abruptly as you near the water and the casinos, turning into a messy,

hardly navigable maze, and casinos turn their mural-walled backs to the sea.

While the casino money made spot improvements, important urban development projects like schools and supermarkets, which buoy local business, fell to the wayside. “You have a good 15 years where you essentially have a monopoly on East Coast gambling and you still can’t produce a good supermarket or movie theater—the basic amenities of urban life,” says Simon.

Those missing amenities didn’t matter because the goal of casinos was to sequester visitors inside the gaming halls, to keep all their money in one place. “Any time you sent them out of your building, you’ve lost them and lost their wallet,” says Jeff Guaracino, chief strategy and communications officer for the Atlantic City Alliance, a nonprofit that markets Atlantic City as a cultural destination. The casinos were hard to escape, and the surroundings were unpleasant, so tourists were protected from the encroaching urban ruins: empty lots, pawn shops, and abandoned buildings.

In some ways, says Simon, the urban decay that surrounded the casinos worked in their favor. “By making parts of the city into no-go zones,” he says, “casinos had no competition from the places around them.”

## **Lost monopoly**

That model worked just fine, for the casinos at least, as long as the monopoly held. But gambling has now been legalized in 39 other states (if one includes states with casinos on Indian reservations), including nearby New York, Ohio, and Pennsylvania. New Jersey has endured the biggest gaming losses in the country: Earnings in the second quarter of 2013 were down 45 percent from the same period in the year before. Pennsylvania surpassed Atlantic City in gaming revenue last year, making that state second only to Nevada in earnings from gaming.

Reacting to the competition, Gov. Chris Christie appointed an Advisory Commission on New Jersey Gaming, Sports and Entertainment in 2010. The result was a document, released in 2010 and known around town as the Hanson Report, that said, “almost every potential Atlantic City customer has a closer, more convenient place to gamble.” It added that “disappointment can also be expressed with respect to the unfulfilled promise of casino gaming significantly improving the physical and economic condition of Atlantic City.”

The commission consisted of real estate investors, a sports management expert, a former baseball star, an investment banker, a law professor, and the head of the South Jersey Chamber of Commerce (the lone woman on the panel). (“They didn’t invite any planners or historians,” notes Simon.) The report outlined a new set of goals and a master plan: improve the competitiveness of Atlantic City by reducing its reputation as unclean and unsafe; create a state-controlled tourism district; increase the police presence; invest in “non-gaming amenities”; and deregulate the casinos. In short, make Atlantic City a “competitive tourist resort.”

Finally, the power brokers of Atlantic City have realized what many residents and critics have said for years. “Those investments need to be centered here,” says Liza Cartmell, president of the Atlantic City Alliance.

## **Where the money will go**

The bulk of CRDA’s Atlantic City-focused money will stay within the borders of the tourism district: 1,700 acres that include almost all of the city’s coastline, the casinos, the convention center, and The Walk—the outlet and shopping area. The tourist district also includes “many successful non-casino restaurants, shops and small businesses,” according to the CRDA.

New investments include a parking garage, 990 new trash and recycling containers, upgraded commercial and residential facades, \$4.6 million toward the demolition of derelict structures, and a branch of the Atlantic Cape Community College. Some \$6.7 million has gone to Hope VI housing and \$7.4 million for a city park.

The centerpieces, the non-gaming amenities, include several public art projects, many of them rising in empty lots on or near the boardwalk. A sculpture park now lines a mile of the bayside boardwalk. A Margaritaville restaurant opened on Memorial Day. There are plans for a Bass Pro Shop and a public market on the scale of Reading Terminal Market in Philadelphia.

CRDC has spent \$10 million assisting with the \$100 million rehab of the famous Steel Pier, where Atlantic City’s amusement rides are located. The CRDA estimates that it has created 600 temporary construction jobs and 300 permanent jobs in the past two years. Some 80 percent of the money spent so far has been for local contractors, according to the ACA.

"There will be more variety, more opportunity, more convenience, especially in wintertime," says Guaracino. "It's what people look for. That's why they go to shopping malls."

Never mind that the shopping mall industry is in the tank, too.

### Location matters

Ironically, as Atlantic City tries to wean itself from its dependence on gambling, the rest of the country is racing to embrace it. The development of local casinos in Pennsylvania, Ohio, Maine, and other nearby states is precisely what gutted Atlantic City's monopoly; revenue from those casinos is, for the most part, soaring.

Their success is not just a redistribution of revenue, says Clyde Barrow, director of the Center for Policy Analysis at the University of Massachusetts Dartmouth, and head of the Northeastern Gaming Research Project, which is funded by the university. He notes that these new casinos are generating more money than what they siphoned off from Atlantic City because many of them are located in urban areas instead of being built as stand-alone destinations in rural places.

All four of Ohio's brand new casinos are in urban centers, and there are urban casinos in Pittsburgh and, soon, Baltimore. (Detroit's Greektown Casino, like the rest of the city, has filed for bankruptcy.) "The impetus is to move casinos toward business and leisure travelers," says Barrow. "The kind of people who visit a city are more likely to patronize a casino than a family on vacation."

To make casinos viable in urban environments, says Barrow, they've had to change their business model. In stark contrast to the all-encompassing casino fortress—known in the industry as the integrated resort model—they now bend over backward to partner with local businesses: restaurants, shops, and concert venues, all of which used to be housed inside the casino. "Urban integrated casinos are a complement to existing businesses, rather than competition," says Barrow.

### Good game plan?

It may be time for Atlantic City to think even harder about the rewards for residents. To some, the new plans for the city seem instantly outdated: an arts district as a cure for urban ills; a tourist district for a city that



A temporary public art project called Artlantic matches Atlantic City's vacant outdoor space with notable artists.

has nothing but tourism. Critics say the plan recalls 1960s-style urban renewal: deregulation, eminent domain, reduced taxes, and state control of local spaces. "You have a recession and your answer is to try the same thing that caused the recession," says Simon.

Part of the city's conundrum comes from conflicting desires: Casinos need more visitors, but tourists need something to do besides gaming, like venturing into the surrounding city. "It's a matter of economics versus urban philosophy," says Guaracino.

But he notes, too, that the casinos are the ones driving the redefinition of Atlantic City. Now part of that job is to rethink the urban fabric.

The casinos were designed in an era when no one bothered about connectivity or cared much about the beauty of the ocean outside the casinos' doors. Nearly all of them stand with their backs to the boardwalk, obeying none of the tenets of complete streets and displaying none of the scales or proportions that we know will encourage pedestrian traffic. The boardwalk, Atlantic City's oldest and most famous attraction, has all the coziness of a strip mall, albeit one with an ocean view.

There is potential here—density, architecture, natural beauty—but there are no truly great urban spaces—yet. For that to happen, says Simon, the city needs to rethink its assumptions: It needs to "not just build a place that will take disposable

income from people within 100 miles, but a city with density, with people who live and work there. Why not really invest in the schools and decent, affordable housing?" Spend less time on the master plan, he suggests, and take note of small-scale development.

### Another take

Barrow doesn't argue about the making of grand plans; rather, he suggests a different set of them, starting with more accessibility. He thinks air travel should be the biggest focus. Some 250,000 visitors come from Massachusetts each year, he says. "From Boston, it's a 45-minute flight. Why aren't there five flights a day out of New Bedford?"

Airline access is in the works—like many new schemes for Atlantic City these days. But priorities matter. "Atlantic City is still having an identity crisis," says Barrow. "They can't figure out whether they're a family destination or the adult playground of the Northeast."

He suggests that Atlantic City take a page from the Las Vegas playbook and market itself as an adult playground—by highlighting its beaches, its beauty, and, sure, its public art. "Slot machines and table games are a commodity, like copper," Barrow says. "You can buy it anywhere in the world. What's different is what you make out of it." ■

Lisa Selin Davis is a freelance writer in Brooklyn, New York.