

Editorial: The casino-for-child-care play skirts the real question: Who is paying?

Sept. 10

It's hard not to get excited about easy money.

The latest iteration of the previously voted down casino resort on the city's South Side is [back in play](#), and earlier this week Mayor Levar Stoney couldn't wait to announce the goodie package: An upfront \$26 million to build two new child care facilities at city community centers, money for parks and \$5 million to set up a child care and education trust for low-income families.

And that's not even the big bucks: \$19 million of the projected \$30 million in annual casino tax revenues will be funneled to the trust, which will dole out early education tuition assistance to low-income families and grant funds to community child care providers to increase capacity in areas where "school readiness data indicates greatest need," according to city officials.

That's not all. There's an additional \$16 million promised by [the project's developers](#) for local nonprofits, not to mention all the leftover tax revenues — more than \$10 million from meals, admissions and gaming — along with 1,300 jobs where the average pay, according to the developers, will be \$55,000 a year. The veritable money machine that is the rechristened Richmond Grand Resort & Casino isn't just about craps and roulette: There will be a 250-room hotel, music and production venues, an outdoor pool, cabanas, more than a dozen new bars and restaurants and a 55-acre park with walking trails, spaces for community events and pickleball courts.

In other words, if you were on the fence about supporting the \$562 million casino project — 51% of city voters did not in 2021 — maybe you should adjust your moral compass. Still feeling queasy about a gaming mecca in economically disenfranchised South Side, the potential for increased crime and/or incentivizing gambling addiction? But what if it means tens of millions for child care in a city with disproportionately high levels of poverty?

Stoney's track record when it comes to economic development is, to put it generously, mixed. And the clock is ticking. Stoney's second term as mayor ends in 16 months and he's weighing a bid for governor in 2025. The [\\$1.5 billion Navy Hill project failed](#) and the \$2.4 billion Diamond District development remains [an open question](#), along with that stalled [\\$200 million-plus slavery museum](#) in Shockoe Bottom. So, yes, a shiny new casino — the surest bet of the bunch, so long as the second referendum passes — appears to be pretty important to Stoney. He certainly didn't mince words on Tuesday.

"We've identified the (child care) crisis in the city. And we've also presented a solution to fix that crisis," he said pointedly. "And it's my hope that if you agree with this solution, you come out and support and vote yes in November."

If this latest proposal smacks of desperation, or perhaps economic blackmail, there's a good reason for it: Casinos, especially in a state that tightly regulates where they are located, are bona fide goldmines. That no one blinks at the promise of \$30 million in annual tax revenues is a sure tell.

"I totally understand 'We can site a casino in Richmond and make a significant profit,'" says economist Robert McNab, a professor and director of the Dragas Center for Economic Analysis and Policy at Old Dominion University. "But where does the money come from?"

It's a critically important question, but one that doesn't have a clear answer. A [2019 analysis by the Joint Legislative Audit and Review Commission](#) found that a casino in Richmond would gross \$300 million a year, but only between 4% and 10% of that revenue would come from outside the "local market area." Four others have already been approved by Virginia voters (in Bristol, Danville, Norfolk and Portsmouth), so the state is reaching a critical mass. A fifth casino in Richmond cannot reasonably serve as an out-of-state draw. That means the money spent on casino gambling, as far as the state's tax base is concerned, is simply shifting from one place to the next.

In Richmond, that means most of the spending will come from within the metro region, McNab points out. Casinos tend to have a catchment area of about a two-hour drive, says McNab, who has [studied Virginia's casino proposals](#) for ODU's Dragas Center, but most of the patrons will likely come from within a much closer proximity.

Yes, Richmond will dip into the pockets of Chesterfield, Henrico, Hanover, the Tri-Cities, and other jurisdictions in central Virginia, but the same will be true of Richmond residents, particularly those living within a few miles of the proposed site off Wagner Road near Interstate 95.

Casinos in the U.S. tend to be located in lower-income communities, and studies have found that [gambling disproportionately impacts](#) households at or below the poverty level. But the research is limited in this area, partly because casino operators tend not to release detailed customer data.

Internationally, studies have found a more direct [correlation between casinos and poverty](#) — lower-income households tend to spend disproportionately more on gambling — but whether casinos lead to higher rates of poverty in surrounding neighborhoods in U.S. markets isn't conclusive.

But what is clear is that gambling tax revenue is regressive, McNab says, which would appear to undercut the casino-for-child-care argument.

"To me, the child care discussion is inefficiently wedged into an argument about the casino," he says. "There's no such thing as a free lunch. The question is: If somebody's promising something, who pays?"

When politicians show up and start waving around millions of dollars, we should know by now to take a deep breath. Richmond cannot afford a shiny new casino that preys on those who can least afford it, even if it means tens of millions for child care.

Between now and Nov. 7, Richmonders have a decision to make. But don't conflate the two: The casino — not funding for child care — will be on the ballot.

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Editorial: Two years into the casino debate, is Richmond ready to roll the dice?

Oct. 29

The clock is running. In a little more than a week, voters will once again decide the fate of a proposed \$562 million casino in South Richmond. Amid a multimillion dollar ad blitz from the city's hand-picked operators, Urban One and Churchill Downs, the costly do-over — this is the second referendum after the 2021 version failed by roughly 1,500 votes, or 1.9 percentage points — has raised the stakes considerably.

Over the last two weeks, The Times-Dispatch Editorial Board has [met with proponents](#) — Churchill Downs CEO William “Bill” C. Carstanjen and Urban One CEO Alfred Liggins III, the 50-50 partners behind the Richmond Grand Resort and Casino — and [opponents](#) — Paul Goldman, founder of No Means No Casino; Allan-Charles Chipman, executive director of Initiatives of Change USA; and Ellie Pruitt, a member of Students Against Unconscionable Casino Exploitation.

The arguments for and against are compelling and multifaceted, as they have been for the better part of the last four years. It's a debate that essentially started in 2019 when the General Assembly selected Richmond for one of five state casino licenses after decades of puritanical resistance.

All that changed in 2018, when the U.S. Supreme Court [struck down a federal law](#) that banned most commercial sports betting. Online sports wagering across the country took off, the Virginia Lottery added online gaming and Colonial Downs expanded with slot-machine-like historical horse racing and satellite locations. During this period, gray machines, so-called “skill games” that are similar to slot machines, which the Virginia Supreme Court [recently ruled are illegal](#), began to proliferate.

The onslaught of gaming in Virginia opened the door to Vegas-style casinos — highly regulated facilities that promise big money and tax revenues, along with jobs, for cities and regions in the state sorely in need of economic development. Richmond, which has seen its population surge and overall poverty decline in the last decade, fit the description — but barely.

At the heart of the issue is whether a casino on South Side, at Walmsley Boulevard and Commerce Road off Interstate 95, would be an economic boon for an area of the city

that has long been neglected — or a predatory business that will take advantage of Richmond's most vulnerable residents.

Liggins and Carstanjen argue that the size and [scope of the project](#) — north of \$600 million, 1,300 jobs and \$30 million a year in city tax revenue — will rejuvenate South Side by increasing employment opportunities and new business in and around the facility.

“People say that the South Side needs grocery stores, and they need other amenities. Well, grocery stores come into communities where there's income to be able to support the commerce,” Liggins says. “What this is going to do is create an economic hub that's going to create jobs, bring more people into that area, and create a cycle of commerce that will allow things to sprout up like that. I'm not saying it's a panacea. But I'm saying it's a net positive in terms of amenities, job opportunities, contracting.”

Mayor Levar Stoney has promised that the casino's gaming tax revenues will be funneled toward a [trust to create affordable child care](#) for low-income families — a whopping \$19 million a year. Liggins and Carstanjen are promising another \$16 million to local nonprofits, and will pay the city an upfront \$26.5 million if the referendum passes. The development will include a 250-room luxury hotel, a 3,000-seat concert venue, film and audio production studios, a 55-acre park and other amenities, including outdoor pools and pickleball courts. Gambling is no doubt big business. What's not to like?

Robert McNab, an economics professor and director of the Dragas Center for Economic Analysis and Policy at Old Dominion University, says the question isn't whether the casino will generate millions in tax revenues for Richmond, but rather how much of that money will simply shift from one place to the next, and whether the jobs generated actually raise average wages in the hospitality sector.

“I don't think there's an argument that the casino operator and developer won't make money. The thing that people struggle with is, [who pays the tax?](#)” McNab says. “The micro data that would answer that question is not readily available.”

Indeed, while roughly 20% of the casino's gaming revenues are likely to come from city residents, according to a consultant hired by the city, a number that Carstanjen says is probably a “decent assumption,” neither Churchill Downs nor Urban One has provided detailed market data — in other words, how much of the casino's revenues would come from low-income households. The 20% generated by Richmond gamers represents about \$70 million of the casino's gross revenues, likely to be north of \$300 million a year, according to [a study by the Joint Legislative Audit and Review Commission](#) (JLARC). It's a question that doesn't have a clear answer.

What is known is that lower-income communities, particularly those in close proximity to casinos, tend to be more susceptible to addictive, or problem gambling. In 2005, researchers at the University at Buffalo's Research Institute on Addictions found that

those living within 10 miles of a casino, particularly in economically disadvantaged communities, were almost [twice as likely to develop pathological or problem gambling habits](#).

Allan-Charles Chipman, with Initiates of Change, points out that gambling addiction is similar to drug addiction — and was recently upgraded as such in the American Psychiatric Association’s [“Diagnostic and Statistical Manual of Mental Disorders.”](#)

“You can look at heroin, and cocaine, and you’ll see gambling addiction right next to it,” Chipman says of the manual, which is widely considered “the bible” for health care professionals. “Some people have maybe more of a comfort (level) on the damage that that causes, and what that kind of does. Me, personally, I do not. I don’t think we have to turn to vices to do what’s virtuous.”

Carstanjen, for his part, says problem gambling is top of mind for Churchill Downs, which has aggressively moved into the casino business over the last few years. It currently operates 29 casinos across the country. He says the Richmond casino would be highly regulated, with built-in funding mechanisms to address pathological, or problem gambling.

“Problem gaming is something I take very seriously, and our company takes very seriously,” Carstanjen says. “We invest a lot of resources in it. And I’ve been wondering where that has been in this city with all these gray games. ... They’re on every street corner. That is where you see no programs, no tax revenues, no jobs, no reporting, no information whatsoever about what is going on and what’s happening in those facilities.”

With the rise in online gaming and sports betting, the Virginia Council on Problem Gambling saw 56.7% increase in call volume to its hotline from 2021 to 2022, with 20% increase in calls from Virginians seeking help for problem gambling specifically, according to the council’s [most recent annual report](#). With the recent opening of three casinos in Portsmouth, Bristol and Danville — another in Norfolk has yet to open — it’s a problem that’s pretty much guaranteed to get worse.

Taken together, according to a JLARC study from 2019, five new casinos in Virginia would likely produce \$970 million in net gaming revenues annually. Richmond, the only state license that hasn’t yet been awarded, was considered the crown jewel of the bunch, expected to generate an estimated \$297 million in net gaming revenues.

This is serious money. How often does a new business open *expecting* to generate \$300 million in the first year? Casinos are some of the most profitable businesses on the planet. Take, for example, Urban One, which first dipped its toe by purchasing, for \$40 million, a roughly 7% stake in MGM National Harbor, an upstart casino in Maryland, in 2016. It sold that interest earlier this year for [nearly \\$140 million](#). It was an investment that paid a cash dividend of \$8.7 million in fiscal year 2022.

Urban One, a publicly traded company that recently raised eyebrows for not filing quarterly financial reports, receiving a [delisting warning from Nasdaq](#), appears to have used some of those proceeds to finance its aggressive push in Richmond (the casino developers' political action committee, Richmond Wins, Vote Yes, has financed the campaign with a bankroll of more than \$8 million).

There have been criticisms leveled by Goldman and others about the city's unwillingness to put the project back out for bid after the first referendum failed (the project has changed, particularly after Churchill Downs purchased the company that Urban One previously partnered with on the project, Peninsula Pacific Entertainment, in 2022) and the very fact that the city is even holding a second referendum at all. Both are valid points.

In reality, the money at stake supersedes all else. This business is so profitable that there are no tax incentives attached to the project, or other government subsidies, which means there are no real clawback mechanisms if the casino developers fail to deliver what's been promised.

It boils down to a simple question: Is it worth the risk?

Roughly 80% of the casino's business is expected to come from outside of Richmond, which means substantial new tax revenues flowing into city coffers. But without a clearer understanding of who will make up Richmond Grand's clientele — and how many would likely come from lower-income households — it's difficult to assess the potential social costs.

Two years after Richmond voted "no" on the first referendum, the stakes haven't much changed. Nor have the risks. Rolling the dice on a casino, in other words, remains a serious gamble.

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Editorial: A gambling resort wasn't going to save South Side. Not without good planning, and a vision

Nov. 19

No matter where one stands, or how one voted, on the proposed \$562 million casino on the city's South Side — all of Richmond lost on Nov. 7.

Residents who live near the 100-acre site off Walmsley Boulevard and Trenton Avenue and supported the project have every right to be angry. This industrial corridor, propelled by its proximity to Interstate 95 in the 1950s, faded long ago as a manufacturing hub capable of producing family-sustaining, blue-collar jobs. The casino could have changed that.

It's unquestionable that South Richmond is in desperate need of reinvestment. Part of Chesterfield County prior to annexation in 1970 — the city took 23 square miles, consuming 47,000, mostly white residents in an attempt to dilute Black political power in the years after desegregation and resulting white flight to the suburbs — South Side has largely been ignored by city leaders ever since.

The proposed casino, for all its faults, would have generated hundreds of millions, and produced 1,300 jobs, by creating an entertainment district the likes of which Richmond has never experienced. And it would have happened literally overnight: Year one was expected to generate north of *\$300 million* in gross revenue. For an area of the city starved of jobs and economic opportunity, Richmond Grand Resort and Casino represented a chance at redemption.

Those who opposed it — undeniably, the [referendum's landslide defeat](#) was powered by the 1st and 2nd, mostly white districts that include the West End, Museum District and the Fan — had good reason to be skeptical.

The predatory effects of casinos, particularly when located in close proximity to lower-income communities, are well-documented. This project would have extracted upward of \$73 million from city residents, roughly 20% of the projected gaming revenues, according to a [consultant hired by the city](#) in 2021. No amount of jobs can justify blithely looking past the casino's potential to prey on Richmond's most vulnerable residents, and neither the mayor, City Council nor the casino's developers adequately addressed those concerns.

It's also unfair to pin the sometimes-heated discourse on racial divisions. Much has been written about the [residential resurgence](#) of the past two decades, boosted recently by in-migration during the pandemic. The biggest demographic shift has been, essentially, a reversal of white flight: Richmond saw a 19% increase in white residents from 2010 to 2020, the largest increase in the state, according to the U.S. Census. As the surrounding counties grew more racially diverse, and less white, Richmond did just the opposite.

But to blame the casino flameout on white paternalism, and by extension 300 years of racial hegemony, is a copout. Richmond's long, brutal history of Black oppression — the city was literally founded on the subjugation of African Americans — was aided by state lawmakers ensuring that our mostly Black, urban locales were isolated as "independent cities" with no regional government structure. So, naturally, when middle-class whites, and Blacks, fled the city after the Civil Rights Act of 1964, it left Richmond — already landlocked, physically and politically — economically depleted.

The [annexation in 1970](#), as a tool of the white political structure to retain power, didn't work. The white Chesterfield residents living in the annexed area ran for the county border, leaving behind those without the means (hint: they were mostly Black) to

relocate. It left South Side in an economic vacuum that only grew worse over the next 50 years.

No amount of gambling can fix that. The lack of economic opportunity in South Richmond won't be solved with one-off projects like the proposed casino. What's needed is purposeful planning, a vision for the area that includes infrastructure improvements, community input, rezoning, and economic and tax incentives to encourage lasting, holistic development.

Richmond 300, the revamped, almost universally praised [master plan](#) that was approved in 2020, includes all kinds of purposeful, equity-driven, pedestrian-friendly residential and commercial visioning for downtown, Jackson Ward, Monroe Ward, Manchester, Shockoe Bottom and Scott's Addition — all broken into interconnected "priority growth nodes."

But save for a node of redevelopment targeting Southside Plaza, and a couple of smaller intersections along Route 1 at Bells and Bellemeade roads, most of South Richmond was glossed over. Lots of arguments were made, and millions were spent, promoting the casino, but no one ever explained how the casino fit into a broader vision for this area of the city.

Why? Because there is no vision.

Part of the problem is the city's planning department is understaffed. Turnover at City Hall has long been an issue: Mark Olinger, the city planning director who guided Richmond 300 to completion, resigned in January 2021, a month after its approval, and Maritza Pechin, who played a key role in guiding the plan, left City Hall in September.

Richmond needs stable leadership and more staff to develop the more focused, detail-oriented "small area plans" that can guide redevelopment efforts on the South Side. Doing so not only helps guide future development, but also brings stakeholders together and encourages buy-in.

"You need to increase your planning staff, along with other key members of economic development, to be able to put together small area plans for those critical South Side areas," says Tom Jacobson, an urban planning professor at Virginia Commonwealth University who served as Chesterfield's planning director from 1986 to 2004.

"Revitalization means more than jobs. It also means the parks, the schools, making sure there are adequate services," Jacobson says. "That all comes together when a city, or a local government, has enough staff to put together a small area plan to work successfully to improve that area. And that's a long-term commitment."

The city's population is growing; businesses are returning; the tax base is expanding. Extending that growth and energy to South Side isn't out of reach.

It's time for Richmond to stop searching for economic saviors. The casino was never going to fix all that ails South Side. But a vision, and purposeful planning, just might.