

Olympic Villages: Catalyst for urban renewal, or post-Games hangover?

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The Olympic Games are big business and generate substantial amounts of revenue for the International Olympic Committee (IOC) through lucrative television contracts and corporate sponsorship. The Games are now also widely perceived as important promotional opportunities for cities seeking to reinforce their claims as 'world class' destinations for tourists and capital in the global economy.

Related to these latter goals, beginning with the 1992 Barcelona Olympics, the Games have also been envisioned by civic elites as opportunities to develop under-utilized land through the construction of extensive Olympic Villages that can, in turn, be sold as luxury condominiums. Cities hope that once the Games are over, they'll benefit from upscale housing developments in prime areas that will attract buyers and pour millions back into city coffers.

Vancouver's aspirations were no different in 2010: to promote itself as a large, world-class, cosmopolitan gateway to the Pacific Rim and to accomplish an ambitious redevelopment of the Southeast Shore of False Creek (the North Shore was redeveloped when Vancouver hosted Expo 1986), but which had become an under-valued, derelict wasteland. "The plan was to build condominiums that would start as athlete housing and end up as a draw for global investors and tourists, in addition to the city's business and professional classes," says sociologist Jay Scherer, whose paper examining Olympic villages and large-scale urban development as deficits of democracy has just been published.

But it was a flawed process that ultimately left taxpayers responsible for the entire construction cost of the 2010 Winter Olympic Village – a cost still not recouped almost two years later. To Scherer, the absence of transparency, democratic debate, open consultation with the community and many decisions made in camera about the Olympic Village were at the heart of the debacle.

Troubles began, according to Scherer, "when the City of Vancouver picked a developer who didn't have the resources and capital funding to complete this type of development in poor economic conditions. When the recession hit in 2008 and the credit crunch happened, the developer couldn't get the credit needed to build the village.."

While Vancouver city council had banked on a rising real estate market and a booming economy when they began their Olympic journey, plans unraveled in 2008 with the market crash. With the US hedge fund that had backed the developer demanding a payment guarantee of \$190 million on its \$750 million loan, city officials, anxious to meet their promise to VANOC to complete the village by late 2009, provided the hedge fund with a completion guarantee so that Vancouver would be obliged to complete the Olympic Village should the developer fail to do so, thereby putting the citizens of Vancouver at risk of the full cost of the development.

A furious public rebelled, ousting its mayor – mainly because of one thing: transparency.

"The biggest problem," says Scherer, "is that all of the major decisions took place behind closed doors. In terms of democratic input from citizens over how their tax dollars were being spent, city officials, the developer and others argued that because of the repercussions for the private sector, they couldn't discuss it publically.

It's an argument that's become all too common in cities around the world entering into a public partnership with a private sector company, and expected that those discussions take place behind closed doors."

As the Olympic village costs mounted, some of the grandiose ideas for a green, state-of-the art, housing development (not a requirement of the IOC) had to be shelved. One of the dreams axed was to provide housing for low-income families. "When cities pursue these ventures, there has to be some sort of community benefit to build on – some non-market housing," says Scherer. "But when budgets are tight, those are the first things to be cut. This is what happened in Vancouver."

By comparison, notes Scherer, while Sydney, Australia entered into a similar public/private partnership to develop and build its Olympic village as a large-scale urban development, it was the luck of a buoyant economy that meant they weren't trapped in the same position as Vancouver. Yet London, which hosts the 2012 Olympic Games, bailed out the developer of its Olympic village to the tune of £326 million this year – once again a decision made by government behind closed doors with no public consultation and in an economic downturn.

Going forward, Scherer says, whether it's Edmonton building a new, world-class arena or a city taking on the Olympic Games, "Cities need to be aware of taxpayers taking on a disproportionate share of the risk and the importance of democratic transparency between elected officials and the private sector with these types of projects, and to consider the public good so that the economic benefits are not only for enjoyment of some, while alienating or excluding others."

More information: Dr. Scherer's paper "Olympic Villages and Large-scale Urban Development: Crises of Capitalism, Deficits of Democracy" was published in *Sociology*.

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