

# [***NHL's Capitals and NBA's Wizards are staying in Washington after Virginia arena deal collapses***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:6BNB-1MV1-JC5B-G1RB-00000-00&context=1516831)

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**Body**

WASHINGTON — When Ted Leonsis told District of Columbia Mayor Muriel Bowser late last year that the NBA's Washington Wizards and NHL's Washington Capitals he owns would probably be leaving Washington for Virginia, she told him no, they would not.

Ultimately, she proved to be right.

The teams are [*staying in the District*](https://apnews.com/article/dc-capitals-wizards-attorney-general-9c446a43addb674933f59ad38b5ab03e) for the long term after Gov. Glenn Youngkin's plan to lure them to Virginia imploded and the city and ownership reached an agreement on a $515 million, publicly funded arena project.

Bowser and Leonsis signed a letter of intent Wednesday for the deal, which keeps the teams in the District through 2050. They announced the development at a joint news conference at Capital One Arena, the teams' current home, minutes later.

"It’s a great day, and I’m really relieved," Leonsis said. “This was not only the right thing for the community, the right thing for the city, the right thing for us, it’s a really smart business deal.”

The project is set to include 200,000 square feet (18,580 square meters) of expansion of the arena complex into the nearby Gallery Place space, the creation of an entertainment district in the surrounding Chinatown neighborhood and safety and transportation upgrades.

"We are the current home and the future home of the Washington Capitals and Washington Wizards," said Bowser, who donned a Wizards jersey. “As Ted likes to say, we're going to be together for a long time.”

The Council of the District of Columbia will take up the deal next week and is expected to pass it, Chairman Phil Mendelson said at the news conference.

The agreement between Monumental Sports & Entertainment and the city came as officials in Alexandria, just across the Potomac in Virginia, said [*talks for a new arena*](https://apnews.com/article/washington-wizards-capitals-arena-move-3ab20d51917731fd211939ea4848dfdd) that would have moved the teams there had ended.

Leonsis acknowledged Virginia had land as an advantage D.C. didn't.

“You’re in this arms race to build bigger and better and higher quality and we’ve been running out of space,” Leonsis said, referencing the new entertainment community the agreement envisions that is not nearly as big as the 12 acres (4.9 hectares) that were dedicated to the arena in Virginia. “But it’s enough.”

The ultrawealthy entrepreneur said he generally wanted to avoid discussing Virginia but did throw a few jabs at the state, where political divisions between Youngkin, a Republican, and Democrats who control the General Assembly contributed to the plan's demise.

"You can’t do it alone, and I felt that we were really in a good partnership," Leonsis said, “as opposed to where I thought I would have a great partnership.”

The development is blow to Youngkin, who [*announced months ago*](https://apnews.com/article/washington-wizards-capitals-arena-youngkin-bowser-b0ebef181ede2ec5c66a7c6cfc9a6314) with fanfare the outlines of the Alexandria proposal he'd called a “once-in-a-lifetime” opportunity to bring two major pro sports teams to the nation's most populous state without one.

In a statement Wednesday, the governor expressed disappointment and frustration, laying blame with Democrats.

“This should have been our deal and our opportunity, all the General Assembly had to do was say: ‘thank you, Monumental, for wanting to come to Virginia and create $12 billion of economic investment, let’s work it out.’ But no, personal and political agendas drove away” the deal, he said.

Democrats responded by saying Youngkin had mismanaged the proposal from the start. House Speaker Don Scott said he was blown away by Youngkin's statement, which he said seemed like it had been written by a teenager, and bristled at the suggestion that the Legislature should have given the deal an easy sign-off.

“He has lost his sense of good judgement right now,” said Scott, who had not fully endorsed the deal but expressed openness to it.

He added that from the tone of the statement, he expects Youngkin might retaliate by vetoing the budget lawmakers [*sent him*](https://apnews.com/article/virginia-general-assembly-glenn-youngkin-session-budget-9daa9a107da3a8027541a9ef9b0c5181) earlier this month.

Alexandria, which first announced the news, said in a statement posted to its website that it was also disappointed.

“We negotiated a framework for this opportunity in good faith and participated in the process in Richmond in a way that preserved our integrity," the statement said. “We trusted this process and are disappointed in what occurred between the Governor and General Assembly.”

Matt Kelly, the CEO of publicly traded real estate company JBG SMITH, a partner to the Alexandria deal as the proposed developer, issued a blistering statement that laid blame on “partisan ***politics***” and raised the prospect that “potential pay-to-play” influences had a hand in the project's demise.

“Beyond the arena, state and local governments will lose needed tax revenue, economic development credibility, and what could have been Virginia’s last best chance to land a professional sports franchise for at least a generation,” Kelly said.

The Virginia plan called for the creation of a $2 billion development district in the Potomac Yard section of Alexandria, with not only a new arena but also a practice facility and corporate headquarters for Monumental, plus a separate performing arts venue.

The General Assembly was asked to set up an authority that would issue bonds to finance most of the project, backed partly by the city and state governments and repaid through a mix of projected tax revenues recaptured from the development.

Youngkin and other supporters said the development would generate tens of thousands of jobs, along with new tax revenues beyond what would have been needed to cover the financing.

The plan faced opposition [*from labor unions*](https://apnews.com/article/arena-virginia-union-governor-wizards-capitals-817f11a403e12ce01cbe4397038e333b), Alexandria residents concerned about traffic and D.C. officials who feared the loss of the teams would [*devastate downtown Washington*](https://apnews.com/article/wizards-capitals-chinatown-crime-washington-virginia-stadium-527ac940c1743363b1afcddd1a1c6dee).

Youngkin and other backers also failed to win over powerful Democratic Sen. L. Louise Lucas, of Portsmouth, who chairs the Senate’s budget-writing committee. She [*used that position*](https://apnews.com/article/virginia-alexandria-wizards-capitals-arena-e0c65afc15a6cd715987ed7a3e0c14f5) to block the legislation, citing a range of concerns but foremost the financing structure of the deal: The use of moral obligation bonds put taxpayers and the state’s finances at risk, Lucas said.

Lucas celebrated the proposal’s demise Wednesday. On social media, she posted a cartoon of herself swatting away a basketball with the word “REJECTED” superimposed. She wrote, “As Monumental announces today they are staying in Washington DC we are celebrating in Virginia that we avoided the Monumental Disaster!”

Leonsis had shifted his tone on social media in recent days, pointing to large crowds in Capital One Arena this month for everything from the Capitals and Wizards to ACC Tournament basketball and a Zach Bryan concert. [*He posted Wednesday*](https://x.com/TedLeonsis/status/1772990528226730132?s=20) that Monumental expected over 400,000 fans to pass through turnstiles in March.

He and Bowser began talks about keeping the teams in the District not long after Virginia disclosed its offer, including through regular meetings in a posh hotel lobby, Leonsis said.

“Until 10 minutes ago, I had never signed a piece of paper,” Leonsis said.

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Rankin reported from Richmond, Virginia, and Barakat reported from Falls Church, Virginia.

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