

# Sports/Leisure Facilities & Urban Development

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For example, over the last decade, the residents of Abu Dhabi have witnessed Yas Island transform into an iconic destination for tourists through the strategic anchors of Yas Marina Circuit, Ferrari World Abu Dhabi, and the Yas Links Golf Course. These facilities have continued to be an integral part of the Emirate's development efforts and there have been positive ancillary effects as residential units and retail offerings have sprouted up near them. Additional world-class attractions such as a Warner Bros. theme park and a SeaWorld are lined up to open in the next few years. Doubtless these will mark new milestones in the Emirate's efforts to combine business with sports and leisure. There is no doubt that the number of visitors to the island will continue to grow over the next decade.

This move to develop, promote, and integrate sports facilities and attractions into UAE life appears to proliferate in other countries in the region, for example, similar elements will be important for the progression of Saudi Vision 2030, Qatar's hosting of the upcoming 2022 World Cup, and the Sultanate of Oman's active pursuit of development as a tourist destination in the Gulf.

For the purposes of this article, we will consider some common legal issues that stakeholders such as developers, community authorities, local leaders, and advisors should take into account when they plan sports facilities and attractions, with a particular focus on urban development.

## Key considerations

*1. Site Selection.* Identify optimal sites for a facility from a development perspective regarding the entire area. The location should be the most favourable site for all stakeholders. The main factors to consider include transportation accessibility, land availability, land cost, proximity to the core market, neighbourhood, room for expansion, etc. These factors have historically been amongst the principal criteria for siting sports/leisure facilities, and additional factors such as land use regulations and environmental impact considerations must also be taken into consideration. For example, the Executive Regulations of Law No. 4 of 1983 concerning Regulation of Construction Works requires contractors in Abu Dhabi to take necessary precautions to protect neighbouring buildings. The ultimate goals of the community and the owner/operator of the facility need to be mutually achievable on the selected site, within the framework of applicable land use regulations.

*2. Approvals, Permits & Licenses.* Regardless of the type of facility, approvals, licenses, permits, and certifications from relevant government authorities should be considered at the earliest stages of the design/planning phase. For example, at the time of planning and executing the design of any buildings and facilities in Dubai, consultants and contractors must comply with all the requirements set out in the Circular No. 161 of 2008 regarding the Implementation of Green Buildings Standards, including ensuring use of suitable ventilation, water-saving faucets, energy-saving light bulbs, control systems, etc. In Abu Dhabi, consideration should be given to issues such as managing recycled water, which can require coordinating with several government agencies including the Regulation and Supervision Bureau (RSB), Abu Dhabi Sewerage Services Company (ADSSC), the Abu Dhabi Food Control Authority (ADFCA), the Department of Municipal Affairs (DMA), and the Municipality of Abu Dhabi. As large projects like sport/leisure facilities require a number of reviews on various regulatory issues, the owners, who are primarily responsible for construction costs and other infrastructure upgrades, need a high level of certainty and transparency in the approval process, consistent procedural timelines, regulatory

implementation, and documentation requirements. Any unexpected delays by local authorities, changes in legislation, or similar uncertainties may lead to project suspensions, which negatively impact and jeopardise deadlines and contractual obligations already in place.

*3. Specific Sector Knowledge.* Understanding the nature of sports and leisure business is key. It is worth noting that each sport has its own characteristics and the owner/operator of relevant facilities should understand ideal requirements and what is realistically achievable for a successful event at the facility. For example, in order to host the F1 Grand Prix, an operator should expect the transportation of freight includes many high-tech vehicles and parts from the airport to the circuit, all customs clearance, on-site handling of the freight with extra care, and bespoke insurance requirements. The scope and nature of such issues depends upon the nature of the relevant event and the facilities team require a certain level of knowledge and experience in that specific field and the related legal requirements.

*4. Community Integration.* Make sure that the facility is designed so that it is not only fit for purpose but that it also complements the surrounding area and meets the needs of the whole community. Even if part of the facility will be mothballed during any off-season period, there needs to be more frequent demand to use for the facility and the local leaders must pay close attention to the needs of their community for such use. For a case in point, Yas Marina Circuit is receiving positive responses from the local community by hosting various events at the circuit, including weekly offerings for public use of the circuit for recreation, such as running and cycling.

*5. Project Phase Preparation.* It is very important to ensure that all aspects of each phase of the project (e.g. construction, operation, and maintenance) are covered by well-drafted contracts with relevant parties. Principles of contract law retain their importance in the creation, formation and enforcement of a wide variety of agreements necessary for optimal use of the facility. These agreements will include construction contracts, financing arrangements, leases, sponsorships, broadcasting/media contracts, IP/licensing agreements, and other commercial agreements, including servicing and maintenance agreements. It is always recommended to conduct due diligence to select the right partners and have all the contracts reviewed by reliable advisers to make better-informed decisions regarding contractor selection and agreement terms and conditions.

*6. Economic Sustainability.* The final piece may lie in the economics of the sports facility to be built. The availability of public financing and the level and diversification of predictable revenues accessible over the predicted life of the facility from attendance, concessions, media broadcasting, merchandising, sponsorship, etc. will be of central significance. Private companies engaged in the project, including contractors and suppliers, who may bear some of the burden of financing the facility's offerings, should also be encouraged to invest in their services and, correspondingly, feel some level of relief from anticipated economic gains.

## **Conclusion**

Sports facilities and urban development will continue to be inextricably linked. With innovative ideas and stiff competition to develop a most favoured destination status amongst tourists and prospective residents, it is desirable for the public and private sectors to combine ideas with venue managers, event organisers, and key contractors so as to work together to create facilities that serve the community and take into account a variety of needs. An in-depth understanding of project licensing, approval, development processes, and strategic goals is necessary to smooth transitions through each phase of an urban planning project. This is particularly critical in the case of sports and leisure facilities that can carry the additional reputational risks and stresses that accompany high-profile, mass public attendance sites. We recommend establishing teams to conduct regular reviews of existing and potential concerns with part of their role being to identify, prepare for, and secure any and all upcoming licenses and permits, as well as to monitor any other regulatory developments and requirements. The importance of advanced consultation with local regulators and advisors prior to undertaking a new project for any sports and leisure facility cannot be over emphasised.

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