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## POLICY WHITE PAPER **Roosevelt Avenue Mixed Use Development**

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### **Overview**

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For years, Downtown Pawtucket has been plagued with underutilized or vacant storefronts, a general lack of density necessary to sustain retail uses and a large supply of downtown land (primarily in surface parking lots) that does not generate significant property taxes for the City of Pawtucket.

The federal, regional and local practice of subsidizing auto-oriented real estate development over the last 40 years created a well-intended policy to create surface parking for automobiles in the City's urban core. As an unintended consequence, the creation of surface parking came at the expense of eroding the historic character and urban fabric of the City. This has also decreased the density necessary to sustain a retail and commercial local economy.

In order to begin to repair the urban fabric of the City, The Pawtucket Foundation proposed the development of a mixed-use development on the surface parking lot across from City Hall along Roosevelt Avenue. The proposed development project has the capacity to create 179,000 square feet of mixed use space to include retail, office and residential uses. Because the City of Pawtucket and Pawtucket Redevelopment Agency own the subject land, it is feasible to structure a public-private partnership to develop the property.

At the inception of the project, The Pawtucket Foundation hired Durkee Brown Viveiros and Werenfels, a local architecture firm, to design a concept master plan and program for a phased, public-private development project. Following this, the City of Pawtucket contracted Keystone Consulting to conduct a limited, preliminary market analysis to determine the general economic feasibility of constructing such a project and to describe current market conditions.

The preliminary market analysis, completed in early 2010, indicates the project may not generate a sufficient return on investment for a "traditional" for-profit developer without a significant public investment. An 8.5% return on investment without any other income streams may not be sufficient to attract developers to construct the project as proposed.

However, we believe the project is necessary to repair the urban fabric of the City, increase residential density, increase the tax base and drive job creation. As an economic development catalyst with a primarily public purpose, it is reasonable to assume, and the market analysis confirms, the project will require significant public investment, tax incentives, direct public equity or other innovative financial sources.

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## Discussion:

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**PUBLIC INVESTMENT.** In order to develop the project, several layers of investments will be required to make up the difference between the expected return on investment and the amount of investment return a typical developer would expect from this project. The following strategies list several possible resources that can provide financing revenue:

1. Multi-year tax abatement treaty with property taxes phased in incrementally over an appropriate time period
2. Donation or substantial discount for *sale* or *use* of land
3. New Markets Tax Credits
4. Low Income Housing Tax Credits
5. ARRA stimulus bond financing
6. Traditional bond financing
7. Tax Increment Finance District
8. Federal funding through Economic Development Agencies Comprehensive Economic Development Strategy (CEDS) process administered through Statewide Planning
9. Loan guarantee program administered through the Rhode Island Economic Development Council
10. Transportation funds from various transportation agencies (RIDOT/RIPTA) for the purpose of transit oriented development as a transportation purpose

There are numerous examples of public-private finance strategies that have been used throughout our country to develop complicated, mixed use developments that have a primarily public purpose. Pawtucket should be ready to embrace these bold and successful models. In order to develop a public-private finance strategy, the consultation of a market analysis and economic development firm will be required to structure a financing and development strategy.

**DEVELOPMENT TEAM.** Development of this magnitude requires a competent developer and development team. In order to attract high quality firms, the City of Pawtucket must develop a friendly regulatory environment to ensure fast-track approval, demonstrate public buy-in, outline a clear vision of the intended outcome, provide a clear legal framework and ensure outright zoning approval for the project. This will require significant leadership and buy-in from the Mayor, Planning Staff and City Council. Steps necessary to implement a regulatory framework include:

1. Coordinating development plan with the Riverfront Commission to ensure desired density, scale and uses comply with the designated riverfront zone;
2. Developing and approving a development plan through the City's planning commission and City Council. A development plan could include bulk massing standards, architectural specifications, character and performance standards for the public realm affected by the project;

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3. Pre-permitting the site to deal with any dimensional variances or zoning relief that may be required to achieve the vision of the project (this is a requirement to access federal EDA money for development);
4. Agreement on an acceptable parking management strategy that may include innovative shared parking models, reduced parking requirements, transit oriented development parking calculations, on-street parking, relocation of city-service parking (fire, police and City Hall employees) or a combination of all of the above.

**TAX BENEFIT TO CITY.** One significant goal of the project is to create much-needed tax revenue. According to scenario based calculations presented to the Roosevelt Avenue Task Force last September, 2009, at the current tax rate, after the full build-out of both planned development phases, the development project can generate the following property tax revenues:

Development Cost: \$22,720,000 (excluding parking garage) [Phase 1 + Phase 2]  
Commercial Tax Rate: \$23.88/\$1,000 in assessed value  
Annual Tax Revenue: \$542,553

Other Benefits:

1. Proceeds from municipal parking deck
2. Sales tax from retail
3. Spillover effect of increased density
4. Catalyst for additional infill and redevelopment in the project vicinity

**TRANSIT ORIENTED DEVELOPMENT.** Another benefit this project provides is with its proximity to a planned RIPTA rapid bus route 11/99 and terminal as well as walking proximity to a future MBTA commuter rail stop. Because of the relationship to multi-modal transportation options, the development project can be considered transit oriented development (TOD) and could align with federal funding priorities for urban infill development connected to transit, housing, sustainability and job creation. Federal and State policy is shifting toward investing in urban areas that have significant infrastructure and multi-modal transportation choice. This project positions Pawtucket as a location for continued reinvestment and location efficiency.

**ADDITIONAL BENEFITS.** The development site is located next to the Blackstone Valley Visitor Center and across the street from historic Slater Mill. There is a tremendous opportunity to bolster tourism and create ground-level retail uses that can complement these two tourist attractions. This project should be a priority for the City as it will create substantial tax revenues, housing density, jobs and tourism. Also, with the prospect of Slater Mill becoming a National Park, additional building and retail infrastructure at the historic site will significantly benefit the City of Pawtucket as well as the region. This site is an important Gateway to the Blackstone Valley River National Heritage Corridor.

**JOB CREATION.** Development of this site could generate approximately 76 retail employees and 152 office jobs, most likely in the financial and services industries. The direct effect multiplier in employment for retail trade is 1.49 and the multiplier for business services is 1.678. Therefore, the total long-range

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jobs stimulated in retail could be 113 jobs, and in office, 255 jobs. The 90 housing units provided by this project would increase residential density by approximately 140 people.

Long term jobs in the retail trade industry have an annual wage of \$25,245, which is 65 percent of the Rhode Island average private-sector wage. Business service jobs have an average annual wage of \$64,142, which is 1.65 times the Rhode Island average.

## **Recommendations:**

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1. The City of Pawtucket, with the endorsement and support of the City Council and Pawtucket Redevelopment Agency (PRA), should begin predevelopment planning to include economic analysis, land assembly, financing analysis and legal review to structure a public-private land development project on the Roosevelt Avenue Site.
2. The City Council, in cooperation with the Riverfront Commission, City Council Properties Committee, Planning Commission and Roosevelt Avenue Mixed Use Development Task Force, should formalize a Development Plan that creates the zoning, density and building framework outlined in the Roosevelt Avenue Concept Plan. This can be accomplished through a district overlay, outright zoning change or variances (however variances may have a time limit from authorization to implementation).
3. The City of Pawtucket and the Pawtucket Redevelopment Agency should devise a strategy to assemble and determine the disposition of the land required for development. Because two separate entities own parcels in the subject area, both entities must determine the most feasible ownership structure for developing the property. This could entail The City of Pawtucket conveying its portion of the site to PRA, vice versa or other alternatives. For instance, creating a new entity or ownership configuration.
3. The City should actively seek development partners and a public-private finance plan to implement the first phase of the project.
4. The City should contact Statewide Planning, Rhode Island Economic Development Corporation, the regional EDA office as well as congressional delegation staff to establish this project as a regional priority and solicit state and federal investment for support.
5. The City should carefully coordinate the project with RIDOT and RIPTA to ensure future development plans leverage the transportation infrastructure projects planned in the immediate vicinity.