

# Committee Presentation

## I-195 Commission

### Parcel 1A

### Proposal Comparison

### Snapshots



**RESGroup**  
REAL ESTATE SOLUTIONS

12/19/2023 v1

# Proposal Comparison

	Riverwalk JV	Riverside Partners	Providence Flea	PAB Co.
GBA	15,977	30,340	11,395	20,374
Residential Area (Net SF)	8,976	22,000	0	2,288
# Market-Rate Units	12	10	0	2
Retail / Restaurant Area (Net SF)	3,830	3,010	11,395	7,396
Office (Net SF)	0	800	0	9,880
Circulation/Common (SF)	2,244	4,530	0	810
Construction Start	February 2025	October 2024	February 2025	February 2025
Cert. of Occ. Date	June 2026	September 2026	June 2025	August 2026
Purchase Price	\$350,000	\$350,000	\$350,000	\$350,000
Subsidy Request	None	TSA only	To be determined	TSA only <sup>1</sup>
Project Cost Per SF	\$479	\$520	\$224	\$418
Permanent Jobs Created (Developer Estimate)	50-60	26	35-37	69 (Revised to 110)
Permanent Jobs Created (RESGroup Estimate)	21-30	26	25-26	94
Construction Jobs Created (RESGroup Estimate)	49	114	10	53

1. Does not qualify with project costs below \$10M. May increase tenant improvement allowance and or building size to achieve threshold.

# Proposal Snapshot – Riverwalk JV (Urban Spaces – Parent+Diamond)



## Comments on Market Assumptions

- No comments

## Project Summary:

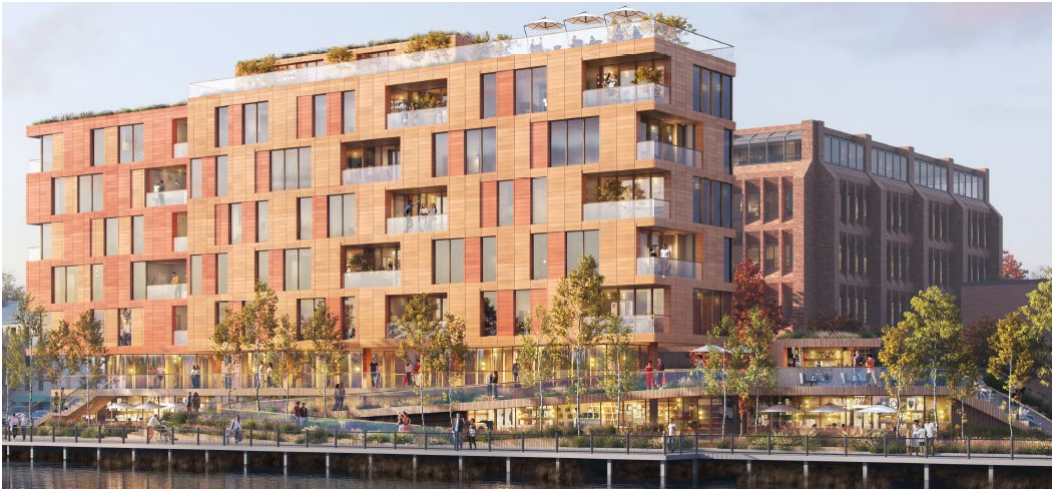
Gross Building Area:	15,977
Uses:	8,976 SF residential (12 condo units); 3,830 SF retail
Construction start:	October 2024
Purchase price:	\$350,000
Subsidy requested:	None
Permanent Jobs (Developer):	50-60 direct
Permanent Jobs (RESGroup):	21-30 direct
Construction Jobs:	49

- Residential condos average 750 SF.
- Experienced regional restaurateur is committed tenant for restaurant space and is a project investor.

# Proposal Snapshot – Riverwalk JV (Urban Spaces – Parent+Diamond)

Strengths	Weaknesses
<p><u>Market Feasibility</u></p> <ul style="list-style-type: none"><li>• Strong location for restaurant, and residential uses (on riverfront, park frontage, adjacent to economic center).</li><li>• Commercial condo pricing appears conservative, though untested.</li><li>• Commitment from established restaurateur, Jeffry Abellard (Bistro781) to own, operate, and manage the restaurant and take a portion of the retail space.</li><li>• Small number of residential condo units (12) minimizes absorption risk.</li></ul> <p><u>Project Readiness</u></p> <ul style="list-style-type: none"><li>• Commitment of equity from partners and restaurant.</li></ul> <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none"><li>• References provided from four banks.</li><li>• Equity will be self-funded.</li><li>• Return on Cost projections (both developer's and RESGroup's) are in line with market expectations and suggest a subsidy is not needed.</li></ul> <p><u>Developer Experience</u></p> <ul style="list-style-type: none"><li>• Has extensive experience developing and project managing condominium projects in MA.</li><li>• 50% of developer team is MBE/WBE; committed to 25% of construction jobs for MBE/WBE, minorities, women.</li></ul>	<p><u>Market Feasibility</u></p> <ul style="list-style-type: none"><li>• Risk associated with lack of contracted parking in proximity given condo product.</li><li>• Commercial condominiums are not well tested in the market.</li></ul> <p><u>Project Readiness</u></p> <p><u>Financial Feasibility</u></p> <p><u>Developer Experience</u></p>

# Proposal Snapshot – Riverside Partners (BRI & Stack)



## Project Summary:

Gross Building Area:	30,340
Uses:	22,000 SF residential (10 condo units); 3,010 SF retail; 800 SF CIC
Construction start:	October 2024
Purchase price:	\$350,000
Subsidy requested:	TSA only
Permanent Jobs:	26 direct
Construction Jobs:	114

## Comments on Market Assumptions

Category	Developer	RESGroup
Sale price inflation from 2023 forward	5%	3%

- TSA assumed in pricing of condominiums as the benefits will be passed on to the buyers.
- Mezzanine level includes 600 SF of commercial space.

# Proposal Snapshot – Riverside Partners (BRI & Stack)

Strengths	Weaknesses
<p><u>Market Feasibility</u></p> <ul style="list-style-type: none"><li>• Strong location for restaurant, CIC, and residential uses (on riverfront, park frontage, adjacent to economic center).</li><li>• CIC has expressed interest taking 21% of retail space.</li><li>• Small number of residential condo units (10) minimizes absorption risk.</li></ul> <p><u>Project Readiness</u></p> <ul style="list-style-type: none"><li>• Equity partners have expressed enthusiasm for the project.</li><li>• Design/build/develop structure may speed development timeline and control costs.</li></ul> <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none"><li>• Expect to rely on existing banking relationships for debt but will likely keep the lender open until an open/competitive process has been completed.</li><li>• Return on Cost projections (both developer’s and RESGroup’s) are in line with market expectations and suggest a subsidy is not needed.</li></ul> <p><u>Developer Experience</u></p> <ul style="list-style-type: none"><li>• Has relevant experience with development and project management of mixed-use residential buildings in MA .</li><li>• Design/build/develop in-house helps with cost management and execution.</li></ul>	<p><u>Market Feasibility</u></p> <ul style="list-style-type: none"><li>• Highest risk associated with lack of contracted parking in proximity due to high sales prices and number of large, family-style or empty-nester units. All comps provided by developer include on-site parking.</li><li>• Significant number of top-of-market large residential condos creates absorption risk.</li><li>• 5% inflation for large, high-end luxury residential condos with no on-site parking is aggressive.</li><li>• Commercial condominiums are not well tested in the market.</li><li>• Ongoing maintenance and operation of large public open space represents a risk/expense to responsible party. This is an unusual condo association responsibility that may result in increased fees.</li></ul> <p><u>Project Readiness</u></p> <p><u>Financial Feasibility</u></p> <p><u>Developer Experience</u></p> <ul style="list-style-type: none"><li>• Brass Rat has not yet completed a project as an independent developer. Stack is primarily design/builder with minimal development experience.</li></ul>

# Proposal Snapshot – Providence Flea



## Comments on Market Assumptions

- Market assumptions are based on Developer’s past operating performance as open-air market in Providence.

## Project Summary:

Gross Building Area:	11,395 SF (of roof area)
Uses:	Open-air market and event space
Construction start:	To be determined
Purchase price:	\$350,000
Subsidy requested:	To be determined
Permanent Jobs (Developer):	35-37 direct
Permanent Jobs (RESGroup):	25-26 direct
Construction Jobs:	10

- Public market to be operated on weekends from April 1 to 3<sup>rd</sup> week in December.
- 23 non-flea events estimated during peak season plus 4 non-flea events off peak; allocated between public programming, corporate & non-profit, and wedding & social.

# Proposal Snapshot – Providence Flea

Strengths	Weaknesses
<p><u>Market Feasibility</u></p> <ul style="list-style-type: none"><li>• Strong location for public market and events (on riverfront, park frontage, adjacent to economic center).</li><li>• Providence Flea has long history and proven track record of operating market stalls on the site.</li><li>• Dedicated parking not required for public market, as shown by historic operating performance.</li></ul> <p><u>Project Readiness</u></p> <ul style="list-style-type: none"><li>• Minimalist plan simplifies design and permitting.</li></ul> <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none"><li>• Letter of interest from Bank RI for permanent loan.</li><li>• Some investors and donors have expressed interest.</li></ul> <p><u>Developer Experience</u></p> <ul style="list-style-type: none"><li>• Providence Flea has relevant flea market operations experience in Providence and in 195 District.</li></ul>	<p><u>Market Feasibility</u></p> <ul style="list-style-type: none"><li>• Structure will not have amenities such as permanent bathrooms and indoor space that may be preferred for some non-flea events.</li></ul> <p><u>Project Readiness</u></p> <ul style="list-style-type: none"><li>• Requires (likely) substantial commitments in the form of grants and donations, which will take time.</li></ul> <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none"><li>• Sources of funds (including crowd sourcing, private equity, philanthropic donors, naming rights, non-profit sponsorship, and subsidy) still to be finalized.</li><li>• Over 60% of the sources of funds are not yet allocated but are as State, SBA, Crowd Source, City of Providence, Private Equity, and Philanthropic/Donors. Some of these sources represent subsidies and others represent equity.</li></ul> <p><u>Developer Experience</u></p> <ul style="list-style-type: none"><li>• Has no relevant development experience and no experience owning/operating/maintaining their own structure but has retained development consultants.</li></ul>



# Proposal Snapshot – Providence Architecture & Building Co. (PAB Co.)



## Comments on Market Assumptions

- Rent for restaurant/event space (\$46.92 per SF, net) may be high for market, given its occupancy of three floors (retail/restaurant rents typically much lower for upper floors). However, tenant is aware of pricing, involved in design. No adjustments made.
- RESGroup reduced NOI \$4.45 to reflect full taxes.

## Project Summary:

Gross Building Area:	20,374 SF
Uses:	2,288 SF residential (2 condo units); 3,560 SF retail; 3,836 SF restaurant/catering; 9,880 SF office
Construction start:	December 2024
Purchase price:	\$350,000
Subsidy requested:	TSA
Permanent Jobs:	69 direct
Permanent Jobs (RESGroup):	94
Construction Jobs:	53

- PAB Co. to occupy 2 of 3 office floors as their headquarters; letter of intent from office user for balance of office.
- Developer's pro forma assumes both residential units sold as condos; balance of project operated as rental. However, commercial space may ultimately also be sold as condos.
- Does not qualify for TSA with project costs below \$10M. May increase tenant improvement allowance and/or building size to achieve threshold.
- Condo and rental pricing assumes TSA in place.

# Proposal Snapshot – Providence Architecture & Building Co. (PAB Co.)

Strengths	Weaknesses
<p><u>Market Feasibility</u></p> <ul style="list-style-type: none"><li>• Strong location for restaurant/event, office, and residential uses (on riverfront, park frontage, adjacent to economic center).</li><li>• Owner occupancy of 2/3 of office space reduces risk of identifying tenants.</li><li>• Limited number of residential condominiums at reasonable price-point reduces risk.</li><li>• Has commitment from Dune Brothers to occupy 51% of the retail.</li><li>• Small number of residential condo units (2) minimizes absorption risk.</li><li>• Owns 40 parking spaces nearby that can help with marketability of commercial components.</li></ul> <p><u>Project Readiness</u></p> <ul style="list-style-type: none"><li>• Design/build/develop structure may speed development timeline and control costs.</li></ul> <p><u>Financial Feasibility</u></p> <ul style="list-style-type: none"><li>• Documented relationships with 3 lenders on other projects.</li><li>• Return on Cost projections (both developer's and RESGroup's) are in line with market expectations and suggest a subsidy is not needed.</li></ul> <p><u>Developer Experience</u></p> <ul style="list-style-type: none"><li>• Has relevant development and project management experience of office, retail, and condos in Providence.</li><li>• Property manages over 72,000 SF of commercial space in Providence.</li><li>• Design/build/develop/management all in house helps with cost management and execution.</li></ul>	<p><u>Market Feasibility</u></p> <ul style="list-style-type: none"><li>• Risk associated with lack of contracted parking for condos in immediate vicinity, but developer owns 40 spaces within walking distance available to the small number of condo units (only two mid-priced units).</li><li>• If unable to obtain TSA, NOI may be negatively impacted.</li><li>• If no TSA, equity may need to increase slightly to offset reduced debt due to reduced funds available for debt service and it may be slightly harder to finance the commercial component.</li></ul> <p><u>Project Readiness</u></p> <ul style="list-style-type: none"><li>• Developer plans to seek a TSA, which could cause a delay depending on the scope of modifications required to meet the project cost threshold.</li></ul> <p><u>Financial Feasibility</u></p> <p><u>Developer Experience</u></p>

# Residential Condominium Demand in Providence

- Demographic changes show an increasing population in Providence of 7.2% over 10 years with a slower rate of increase in housing units of 5.2% suggesting that housing supply is not keeping pace with demand, particularly for new product.
- An April 2023 report by the Rhode Island Foundation indicates that Rhode Island needs up to 55,000 units (especially smaller units) to match demand from 1- and 2-person households.
- Few new condominiums have been developed in Providence in recent years. Many market participants believe this results in pent-up demand.

**Residential Condominium Sales**

Property	Sale Date	Unit size	# Beds/Ba	Price	Price/SF	Parking Spaces/Unit
77 S Angell St #301	12/8/21	2,305	3/3	\$1,400,000	\$670	2
200 Exchange #PH11	3/17/22	2,250	3/3	\$1,700,000	\$813	3
157 Waterman #2-2	9/28/22	1,941	2/2	\$1,310,000	\$709	1
77 S Angell St #101	1/20/23	2,400	2/3	\$1,645,000	\$711	2
14 Imperial Pl #302	3/31/23	1,939	1/1	\$895,000	\$461	2

**Demographic Data**

Demographics	2010	2020	Change
Population	178,162	190,934	7.2%
Housing Units	71,530	75,257	5.2%
Occupied Units	62,718	69,597	11.0%
Vacant Units	8,812	5,660	-35.8%