

Development of the Providence I-195 District:

THE ECONOMIC IMPACT OF PROJECTS COMPLETED OR UNDER CONSTRUCTION THROUGH DECEMBER, 2023



FEBRUARY 2024

Executive Summary

In the twelve years since the Rhode Island General Assembly created the I-195 Redevelopment District, (“the District”), 12 projects, both public and private, have been completed or are under construction in the District. In 2022, RES Group and Appleseed completed an economic impact study that found that development in and around the District had resulted in significant economic gains for the State of Rhode Island.

Since then, two projects that were still under construction in 2022 (residential developments with ground-floor commercial space on Parcel 6 and Parcel 28) have been completed; and three more are now under construction: a new, 205,000 square-foot building at 150 Richmond that combines new facilities for the Rhode Island State Health Lab with lab space for commercial and academic life sciences tenants; the first phase of a new residential development on Parcel 9; and conversion of 62,000 square feet of vacant space at Point 225 to life sciences lab space.

This report updates the findings of our 2022 report. Some key findings include:

- The total economic output from construction of these projects is estimated at more than \$1.1 billion, along with \$459 million annually in current or projected economic impact from ongoing operations.
- Construction activities on completed projects and projects now under construction are estimated to have generated 7,366 job-years of employment in Rhode Island. Ongoing operations from completed and under-construction projects are estimated to account for 2,795 net new jobs¹ in Rhode Island.
- Construction activities (including projects now under construction) have resulted in an estimated \$656 million in one-time state GDP gains. Ongoing operations contribute an estimated \$263 million annually to Rhode Island’s GDP.
- An estimated \$12.98 million in State personal income, sales and business tax revenue has been generated both directly and indirectly from construction activities. An estimated \$4.95 million in annual State personal income, sales, hotel and business taxes is estimated to be generated from ongoing building and business operations.

Comparing the findings of our 2022 report with those presented here, we estimate that:

- The total economic output associated with District construction projects completed or under way has grown from \$708 million as of December 2021 to \$1.125 billion as of December 2023 – an increase of 59 percent.
- Cumulative construction-related employment has grown from 4,765 to 7,366 – an increase of 55 percent.
- The combined contribution of companies and institutions operating in the District to Rhode Island’s annual GDP has grown from \$167.5 million to \$263 million – an increase of 57 percent.

¹ This estimate represents jobs that are “net new” to Rhode Island. It excludes jobs (for example, most of Brown’s School of Professional Studies, and staff of several other Rhode Island-based organizations working at Point 225) that were already located in Rhode Island prior to the development of the Innovation and Design District. The estimate is based on full lease-up for all projects.

- The number of Rhode Island workers whose jobs are directly or indirectly attributable to the ongoing operations of companies and institutions located in the District has grown from 1,873 to 2,795 – an increase of 49 percent.

In addition to the specific impacts cited above, the redevelopment of the District has had significant spillover effects on the surrounding area, helping to catalyze new investment in adjoining and other nearby properties. Redevelopment of the District has also contributed in other ways to the ongoing revitalization of Rhode Island's economy, notably:

- Providing amenities, space and support services conducive to the growth of industries that are critical to the future of the State's economy, such as life sciences.
- Adding to the supply of housing needed to support the continued growth of the State's population and workforce.
- Making Providence a more attractive place to live, work and do business.

Several additional public and private projects are proposed in the District. As these and other new projects are constructed, these one-time and ongoing economic development benefits are poised to significantly increase.

Introduction and overview

In 1997, the Federal Highway Administration approved a proposal from the Rhode Island Department of Transportation to demolish and relocate a 1.6-mile stretch of I-195, an elevated highway that cut through Providence's historic Jewelry District and Fox Point neighborhoods. The award-winning \$610 million project, completed in 2009, included the newly-built segment of the highway, a new bridge across the Providence River, a new interchange with I-95, and 4,100 feet of riverside pedestrian walkways. It also reconnected parts of the City of Providence that had been split apart when I-195 was first built in the 1960s – and freed up for redevelopment 26 acres that the old highway had occupied.

In 2011 the Rhode Island Legislature approved the I-195 Redevelopment Act, which set the boundaries of a new I-195 Redevelopment District, defined in broad terms the state's goals for redevelopment of the District, and established a seven-member Commission charged with guiding the redevelopment process. The enabling legislation gave the Commission broad authority to support the redevelopment of the land for "commercial, institutional and residential development and beneficial reuse, including without limitation to support or encourage workforce development, education and training, and the growth of 'knowledge based' jobs and industries such as research and development, life sciences, media technologies, entrepreneurship and business management, design, hospitality, software design and application, and a variety of other uses consistent with a knowledge based economy"².

The first steps toward realization of the state's vision for the District were taken in 2012, with the transfer of two parcels to Johnson & Wales University. In the spring of 2015, Johnson & Wales broke ground on the first building to be constructed in the I-195 Redevelopment District – a new home for the University's College of Engineering and Design.

This report reviews and analyzes the impact of the District from its creation through December 2023. Topics addressed include:

- The impact of project construction and operations on state and local tax revenues.
- The impact on Rhode Island's economy from spending on construction of completed projects and projects under construction.
- The impact of ongoing operations of completed projects, and the future operating impact of projects not yet completed.
- How the redevelopment of the District has affected investment in adjoining areas in Providence.
- Other ways in which the District contributes to the ongoing development of Rhode Island's economy, including the retention of current and attraction of new residents, the growth of new businesses, and the creation of a wide range of new jobs.

² RIGL 42-64.14-2

Projects completed, under construction and planned

In the twelve years since it was created, the District has continued to develop. In exchange for a payment of \$38.0 million, the Commission in 2013 acquired from the Rhode Island Department of Transportation all of the remaining undeveloped land in the District (excluding the two parcels that had been transferred to Johnson & Wales).³

As of December 2023, the following projects – both public and private – have been completed.

Private projects

- Johnson & Wales's ***Bowen Center for Science and Innovation*** (Parcel 31), a 71,000 square-foot, \$36 million academic building, completed in 2016, where the University offers degree programs in areas that are critical to Rhode Island's future, such as biomedical engineering, computer science, cybersecurity, robotics and product design.
- ***Point 225*** (Lot 1 of former Parcels 22/25) a 191,000 square-foot, \$84 million, building developed by Wexford Science + Technology. The new building, completed in 2019, combines educational, office, research and event space. Tenants currently include Brown University's School of Professional Studies; Connexion Systems & Engineering, Artiston Group; the Cambridge Innovation Center's (CIC) Providence Innovation Campus; CIC's mission-drive programming arm, Venture Café, which manages District Hall (a community space for the District's and the City's entrepreneurs located in the building); and Bayberry Garden, a 196-seat indoor-outdoor restaurant.

In late 2022, Wexford commenced construction to convert the top two floors of Point 225 from office to lab space. Wexford has signed a lease with Brown for one floor.

- ***Chestnut Commons*** (Parcel 30), a 109,000 square-foot, 92-unit residential building, completed in 2020 at a cost of \$30.9 million. The building also includes 5,800 square feet of ground-floor commercial space.
- ***Aloft Providence Downtown*** (Lot 2 of former Parcel 22), a 101,000 square-foot, 169-room hotel completed in 2021 at a cost of \$55.2 million.
- ***Parcel 6***, a 69,500 square-foot, \$30.3 million mixed-use project with 31 market-rate and 31 workforce apartments, a 13,100 square-foot Trader Joe's grocery store, 6,400 square feet of other retail, and six "micro-offices" of 800 square feet each. The project was completed in 2022.
- ***Emblem 125*** (Parcel 28), a 240,690 square-foot, \$78.6 million residential building with 237 market-rate and 12 workforce rental units, completed in 2022. The building also includes approximately 19,000 square feet of ground-floor retail space.

³ The Commission's payment to RIDOT was financed with tax-exempt bonds; it was assumed at the time that the bonds could be repaid out of the proceeds of land sales to developers.

Public projects

- Construction of **new streets and other infrastructure** within the District at a cost of approximately \$22.2 million, restoring connections to surrounding neighborhoods that had been disrupted in the 1950s by construction of I-195.
- **The Michael S. Van Leesten Memorial Bridge**, a new, \$21.9 million pedestrian bridge across the Providence River, completed in 2019. The bridge design was selected through a 2010 public design competition. In 2020 the bridge was named after Michael S. Van Leesten, a two-time 195 District Commissioner, civil rights activist, and business and community leader.
- **195 District Park**, a seven-acre, \$9.2 million waterfront park spanning both banks of the Providence River, connected by the Van Leesten Memorial Bridge. The Park opened to the public in 2020, and is operated by the District. Its operations and maintenance are funded in part by annual payments from property-owners in the District.
- **The Innovation District Garage** (formerly the Clifford Street Garage), a 415,000 square-foot, 1,250-space parking structure, which provides parking for people living in, working in and visiting the District, as well as the surrounding area. The garage is owned and operated by the Rhode Island Convention Center Authority; it was completed in 2020 at a cost of \$48.6 million.

Together, these ten completed projects represent a total of approximately 1,199,000 square feet of new construction, and a total of approximately \$417 million in public and private investment.

Three other projects were under construction as of December 2023:

- At 150 Richmond Street (Lot 3 of Parcel 25), work is under way on a 205,500 square-foot building that will combine a new, 85,000 square-foot home for the **Rhode Island State Health Labs**, approximately 105,000 square feet of private-sector life sciences research space (including 20,000 square feet that will be leased to Brown University) and roughly 15,000 square feet of common areas and support space. Based on previously-published data, Applesseed estimates that the project will cost a total of approximately \$206 million.
- On **Parcel 9** in Fox Point (55 George M. Cohan Boulevard), construction is under way on the first phase of development – a \$30.3 million, 78,000 square-foot building that will include 66 affordable, workforce and market-rate rental units, a 6,900 square-foot day care center, and 1,100 square feet of retail space. Construction is expected to start in 2024 on a second building, with a total of 71,000 square feet and 61 units.
- As noted above, work is also under way on the conversion of two floors (62,000 square feet) of previously constructed space at Point 225 into life sciences lab space, with one floor already leased to Brown.

Together, the three projects under construction total more than 345,000 square feet, and more than \$271.8 million in construction and related spending.

Although they are not included in our analysis of the impact of projects completed or under construction, five other projects are planned, or have been proposed, in the District.

- The District is developing an approximately 3,500 square-foot pavilion in 195 District Park, funded primarily by the State's 2021 Beach, Clean Water and Green Economy Bond. Construction is expected to begin in 2024.
- Urbanica has proposed to develop a new mixed-use building on Parcel 2 in Fox Point. The 134,000 square-foot project would include approximately 194 rental apartments (182 market-rate and 12 workforce units), 8,240 square feet of retail space, and 60 parking spaces. Construction could begin in 2024, and be completed in 2026.
- On Parcels 8 and 8A in Fox Point, D+P and Truth Box have proposed a project that would combine a new 50,000 square-foot headquarters for the Bank of Rhode Island with 114 new apartments.
- CV Properties has proposed a three-phase, 512,000 square-foot mixed-use project combining residential, office and research space. The project would be located on a site that encompasses District Parcels 14 and 15, along with an adjoining property owned by Brown University.
- Most recently, the Commission received four diverse proposals for mixed-use redevelopment of Parcel 1A, located between South Water Street and the Providence River on the east side of the District. In December 2023, the Commission selected a project proposed by Riverside Partners that will include 10 residential condominiums, retail/restaurant space, and a small CIC location.

Part One: 195 District – impact of construction and operations on state and local tax revenues

Development and construction of the 13 195 District projects completed or under construction as of December 2023 have already made a significant contribution to state and local government revenues – a contribution that will continue into the future as projects are completed and become operational.

As shown below in Table 1, we estimate that state tax revenues directly and indirectly derived from spending on development and construction of the 13 projects completed or under construction will total approximately \$12.98 million.

For the ten completed projects, state personal income taxes paid by workers directly or indirectly employed on the project account for the largest share of state and local tax revenues generated by construction. Typically, state sales and use taxes paid on purchases of materials used in construction might equal or exceed this amount. However, of these ten projects, five were not subject to sales and use taxes because they are owned by government or non-profit entities; and three were exempted from sales and use taxes on construction through the Rhode Island Commerce Corporation’s Rebuild Rhode Island program.

Table 1: Preliminary estimates of State and local taxes paid during the development and construction of Innovation and Design District projects, by status of project

Type of tax	Completed	Under construction	Total
State taxes			
Personal income tax	\$4,803,000	\$3,080,000	\$7,883,000
Construction sales tax	\$1,970,000	\$2,127,000	\$4,097,000
Business taxes	\$609,000	\$389,000	\$998,000
<i>Total State taxes</i>	<i>\$7,382,000</i>	<i>\$5,596,000</i>	<i>\$12,978,000</i>

After projects are completed and occupied, they will continue to generate state tax revenues. As Table 2 shows, Appleseed estimates that when all 13 projects are completed, building and tenant business operations will generate approximately \$4.95 million annually in state personal income, sales, hotel and business taxes.

As was the case during construction, some of the properties described in the Introduction are or will be exempted from local real property taxes (including the Innovation District Garage, the Park, the Van Leesten Memorial Bridge, the Health Department’s portion of 150 Richmond Street) because they are owned by public agencies. The Bowen Center is also tax-exempt because it is owned and operated by a not-for-profit university.

Owners of several other properties (including Point 225, the Aloft Hotel, Chestnut Commons, and Emblem 125) have entered into “tax stabilization agreements” (TSAs) with the City under which

property taxes are sharply reduced (in some cases to zero) during a project's first few years. Tax payments are then increased annually until the project is paying full taxes (typically after 15 or 20 years).

Given the way TSAs are structured, it makes sense to gauge these projects' impact on real property tax revenues on a multi-year basis. The bottom line of Table 2 estimates the cumulative total of real property taxes that would be paid over an 11-year period by projects completed under construction or proposed as of December 2021 – a cumulative total of \$14.77 million.

Table 2: Preliminary estimates of state and local taxes paid annually during the ongoing operations of 195 District projects, by status of project

Type of tax	Completed	Under Construction	Total
State taxes			
Personal income tax	\$2,314,000	\$1,083,000	\$3,397,000
Retail/restaurant sales taxes	\$480,000	\$81,000	\$561,000
Hotel taxes ⁴	\$558,000	–	\$558,000
Business taxes	\$292,000	\$137,000	\$429,000
<i>State taxes subtotal</i>	<i>\$3,644,000</i>	<i>\$1,301,000</i>	<i>\$4,945,000</i>
Local taxes			
Cumulative real property taxes (11 yrs.)	\$7,449,000	\$7,320,000 ⁵	\$14,769,000

Since Tables 1 and 2 do not take into account State tax revenues that may in the future be attributable to projects other than those described in the Introduction – or any scheduled increases in real property taxes under the City's tax stabilization agreements after their first 11 years – they are likely to understate the long-term impact of redevelopment on State and City tax revenues.

⁴ Hotels in Rhode Island collect the state's 7 percent sales tax on room rentals, along with an additional 5 percent tax levied on hotel room rentals. In the case of the Aloft Providence Downtown and several other hotels, however, a portion of the proceeds of these taxes are dedicated to repayment of a tax increment financing (TIF) loan through which the Rhode Island Commerce Corporation assisted in financing the development of the hotel. The \$558,000 cited in Table 2 is the estimated value of the share of hotel room taxes that is retained by the state. More than half of this amount is then distributed by the state to local agencies and organizations to support local tourism development and marketing programs.

⁵ Appleseed estimated the real property tax impact of projects under construction, assuming that 60 percent of the assessed value of 150 Richmond Street will be taxable; and that during its first 11 years of operation, real property taxes will be governed by a tax stabilization agreement similar to that governing property taxes paid on Point 225.

Part Two: Providence Innovation and Design District – impact of construction

As noted in the Introduction, public and private investments in the Innovation and Design District projects that had been completed as of December 2023 totaled approximately \$417 million. Using IMPLAN – a modeling tool commonly used in economic impact studies – Applesseed estimates that direct expenditures of \$417million have directly and indirectly generated:

- 4,775 job-years⁶ of work in Rhode Island, with nearly \$296.4 million in earnings (in 2023 dollars);
- \$709.1 million in statewide economic output⁷; and
- A one-time increase of \$423.0 million in Rhode Island’s GDP.

These impacts are summarized below in Table 3.

Table 3: Economic impact of I-195 District construction projects completed as of December 2023 (thousands of 2023 dollars)⁸

	Jobs	Earnings	Value added ⁹	Output
Direct Effect	2,957	\$197,582.5	\$247,986.9	\$409,203.3
Indirect Effect	580	\$35,286.7	\$58,721.8	\$106,115.8
Induced Effect	1,238	\$63,486.4	\$116,306.5	\$193,778.4
Total Effect	4,775	\$296,355.6	\$423,015.2	\$709,097.5

The *direct effect* of construction is the impact of direct spending on design, construction, financing, etc. on employment, earnings, value-added and output in Rhode Island. Its *indirect effect* is the effect of spending by contractors and subcontractors on goods and services (insurance, construction materials, etc.) purchased from other businesses in the State. Its *induced* impact is the impact of household spending by Rhode Island residents directly or indirectly employed on the 10 completed projects.

Through June 2025, spending on three projects that were under construction as of December 2023 (150 Richmond Street and Parcel 9, Phase 1 and the conversion of two floors of Point 225

⁶ A job-year is equivalent to the time worked by one person who is employed full-time for a year. It could represent the work of two people who are each employed full-time for six months; or the work of one person who is employed half-time for two years.

⁷ Output is a measure of the total sales by Rhode Island companies (including the “sale” of labor by Rhode Island households) generated by the project.

⁸ Includes Bowen Center, Point 225, local street construction, Michael S. Van Leesten Memorial Bridge, Providence Innovation District Park, Chestnut Commons, the Clifford Street Garage, the Aloft Hotel, Parcel 6 and Emblem 125.

⁹ Value added is equal to a company’s total sales, minus the value of purchased inputs; when aggregated across all participating companies, it represents in effect the project’s contribution to the state’s GDP.

to life sciences lab space), is expected to total approximately \$271.8 million. Using IMPLAN, we estimate that this spending will directly and indirectly support:

- 2,591 job-years of work in Rhode Island, with \$177.6 million in earnings (in 2024 dollars);
- Approximately \$429.3 million in statewide economic output; and
- A one-time increase of nearly \$233.0 million in Rhode Island’s GDP.

Table 4: Economic impact of I-195 District projects under construction as of December 2023 (thousands of 2024 dollars)

	Jobs	Earnings	Value added	Output
Direct Effect	1,633	\$116,675.6	\$126,054.7	\$244,702.4
Indirect Effect	368	\$25,831.0	\$43,270.7	\$79,461.3
Induced Effect	590	\$35,137.9	\$63,659.4	\$105,099.5
Total Effect	2,591	\$177,645.4	\$232,984.8	\$429,262.9

Combining the impacts of projects completed or under construction (as shown in Tables 3 and 4), Appleseed estimates that through approximately 2025, spending on construction of the projects described in the Introduction to this report will directly and indirectly account for:

- 7,366 job-years of work in Rhode Island, with \$474.0 million in earnings (in 2024 dollars);
- \$1.125 billion in statewide economic output; and
- A cumulative addition of \$656.0 million to Rhode Island’s GDP.

These impacts are summarized below in Table 5.

Table 5: Economic impact of I-195 District construction projects – completed and under construction (in thousands of 2024 dollars)

	Jobs	Earnings	Value Added	Output
Direct Effect	4,590	\$314,258.1	\$374,041.6	\$653,905.7
Indirect Effect	948	\$61,117.7	\$101,992.5	\$185,577.1
Induced Effect	1,828	\$98,624.3	\$179,965.5	\$285,065.0
Total Effect	7,366	\$474,000.1	\$655,999.6	\$1,124,547.8

While the analysis summarized in Table 5 takes into account the impact of spending on District projects already completed or under construction as of December 2023, it does not take into account the impact of spending on the five planned or proposed projects that are listed in the Introduction to this report; nor does it take into account projects that might be undertaken on sites within the District for which plans have not yet been set, and developers have not been selected.

As work on these sites moves ahead, the total impact of construction spending in the District is likely to increase substantially.

Part Three: 195 District – impact of ongoing operations

After construction has been completed, the completed or under-construction projects described in the Introduction will have an ongoing impact on Rhode Island’s economy. The ten projects completed as of December 2023 are already supporting jobs in industries as diverse as higher education, life sciences, clean energy, hospitality, restaurants, retail, and residential building operations and maintenance. Appleseed estimates that as of December 2023, these enterprises directly employed approximately 940 workers¹⁰ in the District.

Not all of the space completed to date in the District is fully occupied. As noted in Part Two, two floors in Point 225 (a total of 62,000 square feet) are not yet occupied. One floor (31,000 square feet) is being leased to Brown University for use as life sciences lab space; and Wexford is seeking to lease the remaining floor to other life sciences tenants. In addition, 19,000 square feet of commercial and community space at Emblem 125 and 4,000 square feet of retail space at the Aloft Providence Downtown have not yet been leased. When the as-yet unoccupied spaces at these properties are fully leased and occupied, we expect that more than 1,200 workers will be employed in District buildings that had been completed as of December 2023.

Taking into account direct, indirect and induced effects, we estimate that when these buildings are fully occupied, the enterprises they house will account for approximately:

- 1,999 jobs in Rhode Island, with \$126.42 million in annual earnings (in 2023 dollars);
- Approximately \$311.71 million in statewide economic output; and
- An increase of \$182.43 million in the state’s annual GDP.

This analysis is summarized below in Table 6.

Table 6: Annual operating impact of operations of projects completed as of December 2023 (in thousands of 2023 dollars)

	Jobs	Earnings	Value added	Output
Direct Effect	1,208	\$78,358.7	\$100,842.4	\$170,109.9
Indirect Effect	377	\$23,960.6	\$38,445.8	\$70,619.7
Induced Effect	414	\$24,102.0	\$43,146.4	\$70,980.7
Total Effect	1,999	\$126,421.3	\$182,434.6	\$311,710.3

We further estimate that the three projects under construction as of December 2023 will when completed directly and indirectly account for:

¹⁰ This estimate represents jobs that are “net new” to Rhode Island. It excludes jobs (for example, staff of the Brown University School of Professional Studies, and staff of several other Rhode Island-based organizations working at Point 225) that were already located in Rhode Island prior to the development of the Innovation and Design District. The estimates presented in Table 7 similarly represent only “net new” impacts.

- 796 jobs in Rhode Island, with \$55.69 million in annual earnings (in 2024 dollars);
- Approximately \$147.23 million in statewide economic output; and
- An increase of \$80.72 million in the state’s annual GDP.

This analysis is summarized below in Table 7.

Table 7: Annual operating impact of projects under construction as of December 2023 (in thousands of 2024 dollars)

	Jobs	Earnings	Value Added	Output
Direct Effect ¹¹	416	\$31,412.4	\$41,303.4	\$77,924.9
Indirect Effect	203	\$13,794.4	\$20,713.5	\$38,584.6
Induced Effect	177	\$10,479.6	\$18,702.5	\$30,718.1
Total Effect	796	\$55,686.4	\$80,719.4	\$147,227.6

Combining the impacts of projects completed or under construction (as shown in Tables 6 and 7)), Appleseed estimates that when all of the projects described in the Introduction are completed and occupied, tenant businesses and residential building operations will directly and indirectly account for:

- 2,795 jobs in Rhode Island, with nearly \$182.11 million in annual earnings (in 2024 dollars);
- \$459.00 million in statewide economic output; and
- An increase of nearly \$263.15 million in the state’s annual GDP.

This analysis is summarized below in Table 7.

¹¹ While the analysis of construction impacts presented in Part Two included the impacts of constructing both the Rhode Island Department of Health and commercial components of the proposed lab building, the analysis of operating impacts summarized in Table 7 includes only the commercial component. This is because we assume that (at least initially) all of the RIDOH employees working in the new building will have transferred from the Rhode Island State Health Lab’s existing location in Providence. While they would no doubt add to the vitality of the District, they would not represent a net increase in employment in Rhode Island.

Table 8: Combined annual operating impact of projects completed or under construction, as of December 2023 (in thousands of 2024 dollars)¹²

	Jobs	Earnings	Value Added	Output
Direct Effect	1,624	\$109,771.1	\$142,145.8	\$248,034.8
Indirect Effect	580	\$37,755.4	\$59,159.3	\$109,204.3
Induced Effect	591	\$34,581.6	\$61,841.9	\$101,761.8
Total Effect	2,795	\$182,108.1	\$263,147.0	\$459,000.9

¹² Includes the projected impact of future occupancy of 62,000 square feet of currently-vacant space at Point 225 that is being converted to life sciences lab space, half of which will be leased to Brown University and half to other life science enterprises.

While some of the occupants of the lab space leased by Brown at Point 225 and 150 Richmond Street may in the first instance be moving from other Brown locations in Providence, the University’s decision to acquire space in these two buildings (as well as its planned construction of a new, 300,000 square-foot life sciences research building just outside the District, discussed below in Part Four) reflects a widespread recognition that for the next several years, the continued growth of the City’s life sciences sector could be constrained by an overall shortage of suitable research space. Since new lab space at Point 225 and 150 Richmond will help relieve this constraint, we treat all of the Brown jobs at these sites as “net new” jobs.

Part Four: Impacts beyond the boundaries of the District

The boundaries of the Providence Innovation and Design District are defined by the land freed up as a result of the relocation of I-195. The District's impact on the City's economy, however, goes beyond those boundaries. These spillover effects are particularly evident in areas just outside the District. For example:

- While the creation of the District provided the impetus for construction of the Innovation District Garage, the Garage also serves residents, workers and visitors to adjoining areas.
- Investments in public spaces and facilities in the District – including the Park, the Van Leesten Memorial Bridge, City Walk and RIPTA's bus rapid transit route are important quality-of-life improvements that have enhanced adjoining and nearby areas as places to live and work.

The Park in particular is more than just a public space; it has become a center of activity for the community. During 2023 the Park attracted more than 1.5 million visits, and hosted more than 130 events, including:

- The Rhode Island Pride Festival
- The Providence World Music concert series
- PVD Fest
- Artist markets
- Film screenings presented by the Rhode Island International Film Festival and the Providence Children's Film Festival
- A Waterfire event on the Providence River, centered on the Michael J. Van Leesten Bridge
- Free weekly yoga classes and other fitness events
- "Fabrication Fest," a one-day exhibition on the intersection of design and fabrication, both traditional and digital
- An immersive Halloween "trick or treat" experience for children and adults

The Park also has two seasonal vendors, TizzyK's ice cream and the Guild beer garden, that served thousands of patrons during the 2023 season.

- As of December 2023, District commercial and residential projects completed or under construction include approximately 70,000 square feet of retail, restaurant and service space, providing new shopping and dining options to those who live and work in nearby areas.

These and other aspects of the District have in the past several years helped to attract new investment to adjoining and nearby sites. They include:

- 95 Lofts, a historic early-20th-century factory building at 95 Chestnut Street that was converted into 59 loft-style apartments in 2017

- South Street Landing (350 Eddy Street), a 265,000 square-foot former power station, renovation of which was completed in 2017. It is now home to the Rhode Island Nursing Education Center, with degree programs offered by both the University of Rhode Island and Rhode Island College; and administrative offices for Brown University. The project also includes a 740-car parking garage, also completed in 2017.
- 60 Clifford Street, a 10,250 square-foot commercial building purchased in 2018 by Wexford and Ventas, a leading health and life sciences real estate investment firm.¹³ The building's sole tenant is Nabsys, one of Rhode Island's most notable life science start-ups; since 2019 the firm has attracted \$59 million in venture capital and other private funding.¹⁴
- River House, a 174-unit residential building that opened in 2019, and was subsequently acquired by Brown University
- Plant City, opened in 2019 – a 12,000 square-foot plant-based restaurant and food market at 334 South Water Street in a renovated historic building, located directly across from the east side of the Park and the eastern terminus of the Michael S. Van Leesten Memorial Pedestrian Bridge
- 2/3 Davol Square, two commercial buildings totaling 118,000 square feet acquired by Wexford and Ventas in 2017 and (following completion of a \$13 million renovation project) reopened in 2020. The owners' marketing brochure highlights the buildings' proximity to the 195 District.
- 580 South Water Street, a 63-unit residential building completed in 2021
- 101 Richmond Street, a two-story 10,300 square-foot commercial building that a local developer is converting into two ground-floor retail spaces and 19 residential units. The building is currently under construction and is expected to open in 2024.
- 71-73 Richmond Street, a combination of rehabilitation and new construction that will include 10 residential units over ground-floor retail space. The building is now under construction and is expected to be completed in 2024.

Other notable projects that are planned, or have been proposed, in the vicinity of the District include:

- Brown University's Integrated Life Sciences Building, a new seven-story, 300,000 square-foot research facility, to be located at 233 Richmond Street, directly across from the University's Warren Alpert School of Medicine. Construction is expected to begin in 2024, and be completed by 2028.

¹³ CoStar

¹⁴ Crunchbase

- Relocation of Brown's Haffenreffer Museum of Anthropology, known for its collection of Native American artifacts, from its current site in Bristol to leased space at One Davol Square. The move is expected to occur in 2025.
- Construction of a proposed new 21-unit residential building at 151 Chestnut Street, currently in pre-development
- Construction of a proposed new 6-story, 185,000 square-foot building with nearly 190 units of rental housing and 3,500 square feet of retail space located at 33 Bassett Street.

The spillover effects from redevelopment of the District, however, go beyond the more readily quantifiable impacts cited above. Proximity to the District, for example, has been cited as a factor in developers' increased interest in the preservation and reuse of adjoining or nearby historic buildings, such as 95 Chestnut Street.

Similarly, redevelopment of the District has helped spur new development of parcels that had previously been vacant or used only for surface parking, thus helping enhance and enliven the surrounding area.

As shown by the extent to which local property-owners and developers have made proximity to the Innovation and Design District a central element in their marketing strategies, redevelopment of the District is clearly helping to catalyze the revitalization of the surrounding area. That revitalization in turn reinforces the attractiveness of the District itself.

Part Five: Other contributions to Providence and the Rhode Island economy

Beyond the economic and tax revenue impacts highlighted in Parts One through Three, and the more qualitative aspects of its local impact cited in Part Four, the District is contributing in a variety of ways to the revitalization of the City's and the State's economy.

- Development projects in the District already offer high-quality, technologically sophisticated space that can support the growth of some of Rhode Island's most promising industries, such as the life sciences and renewable energy, and are well positioned to support the growth of these industries. The District is particularly well suited to support the state's growing life science sector, given its proximity to existing institutions such as Brown's Warren Alpert School of Medicine and the state's research hospitals.
- In 2020, Orsted, one of the world's leading developers and operators of offshore wind farms), established an "innovation hub" at the Cambridge Innovation Center (CIC) Providence, located in Point 225, "to identify, foster and where appropriate finance enterprises related to offshore wind, with a focus on next-generation technology and innovation..."¹⁵ Orsted eventually outgrew its space at CIC, and moved its innovation hub to offices elsewhere in downtown Providence; but by then it had already played a critical role in the formation of an industry cluster. As of July 2023, CIC had become home to more than 30 firms engaged in offshore wind development.¹⁶ CIC is thus helping to achieve the State's goal of making Rhode Island one of the leading centers of the U.S. offshore wind industry.
- CIC also hosts an emerging cluster of life science start-ups and aspiring entrepreneurs, such as Bolden Therapeutics, a Brown University start-up founded in 2019, that is seeking to treat several diseases of the central nervous system by stimulating the growth of new neurons.
- The Venture Café Providence, the mission-driven programming arm of CIC, also located in Point 225, has developed an array of programs and services for both experienced and aspiring entrepreneurs throughout Rhode Island. Several other entrepreneurial education and development programs are also operating out of CIC. RI Hub is a not-for-profit organization committed to "driving economic transformation by helping entrepreneurs and start-ups more efficiently focus and apply their ingenuity and innovation to reach their goals."
- As noted previously, projects in the District are supporting the growth of a life sciences cluster in Providence by developing research space for local institutions and private companies. Point 225 is currently converting two floors (62,000 square feet) of vacant space to life sciences lab space; and in addition to new labs for the Rhode Island Department of Health, the building now under construction at 150 Richmond Street will include approximately 125,000 square feet of space for academic and commercial life sciences research.

¹⁵ Orsted, "Orsted to open innovation hub in Rhode Island," January 15, 2020

¹⁶ *CIC Magazine*, Spring 2023; CIC, "CIC welcomes 10,000th client to its global network of innovation campuses," July 18, 2023

Beyond these existing and proposed spaces, the District currently has 7 parcels of land available, totaling approximately nearly 7 acres, that could support several million square feet of additional development. Many of the remaining sites are well-suited for commercial office, research and lab space, providing additional room for growth.

- The 195 District reinforces a pattern (already evident in Providence) of creating spaces that facilitate contact and collaboration among university-based researchers and innovators, and local businesses and entrepreneurs, and create opportunities for students. The District is home to JWU's College of Engineering and Design and Brown's School of Professional Studies; and Brown's Warren Alpert Medical School lies just out the District at 222 Richmond Street – a 3-minute walk from Point 225. The Rhode Island School of Design and the Brown School of Public Health are both less than a half-mile from Point 225, and Brown's main campus less than a mile.
- In the years ahead, Rhode Island's success in charting a path to a more sustainably prosperous economy will depend in part on its ability to develop, attract and retain a pool of highly skilled workers. That will in turn require the continued development of a range of attractive housing options for both current and prospective residents.

Several studies¹⁷ have in recent years highlighted some of the pressures on the State's housing markets – renewed population growth (especially in Providence), a decline in average household size (which translates into a need for more housing units), and an aging housing stock. A recent review of multifamily rental housing market trends in 60 U.S. metro areas found that between the third quarter of 2022 and the third quarter of 2023, the Providence metropolitan area experienced the sharpest increase in rents (5.9 percent). At 3.4 percent, its vacancy rate was second-lowest, behind only New York City's. At the same time, CoStar estimated that the number of new multifamily rental construction starts during the previous four quarters had totaled only 600 units.¹⁸

Rhode Island clearly needs to accelerate its production of new housing, at a variety of price points. The District is already contributing to this goal. Projects already completed or now under construction will by 2025 have added 469 new units to the State's supply of housing; and other projects that have been planned or proposed could in the next few years add hundreds more.

More, however, will be needed. A 2023 study commissioned by the 195 District found that the District is lacking in housing compared to other innovation districts, and recommended adding an additional 1,000 units beyond those in the current pipeline.¹⁹

Adding housing in city neighborhoods also supports the growth of local retail, food and consumer service businesses, helping to create the vibrant urban environment that today's knowledge-economy companies and workers seek. Adding housing in the District thus helps the State achieve its broader economic development goals around developing, attracting and retaining companies and jobs.

¹⁷ See, for example, Housing Works RI, *Projecting Future Housing Needs*, April 2016.

¹⁸ Gard Pecor, CoStar Analytics, "Providence RI Leads Nation in Annual Multifamily Rent Growth," September 22, 2023

¹⁹ HR&A and Providence Innovation & Design District, *I-195 Redevelopment District Strategy Update: Preliminary Recommendations*, July 2023

Part Six: Conclusion

Projects completed or under construction in the first 12 years of the 195 District have already had a significant impact on the state's economy. The statewide economic output from construction projects completed or under way as of December 2023 totals more than \$1.1 billion; and the ongoing economic output from these projects when completed will total \$459 million *annually*.

Beyond the impacts cited above, the District's uncommitted parcels can in the years ahead accommodate millions of square feet of additional development. Many of these remaining sites are well positioned to capitalize on the District's growing innovation economy and life science cluster.