



## Policy Recommendations - Condensed

In addressing the current climate with regards to the properties listed on the ICBD list, and the economic impact of redevelopment efforts overall in the city of Providence, we offer the following considerations and recommendations at this time of your evaluation of policies and planning/development strategies in effect.

As PCIS, we encourage the redevelopment of some of the properties listed on the ICBD list into commercial space and recommend policy that reflect this intention. The purpose being to offset the rapid conversions of these buildings into residential condos that are contributing to the loss of M1 zoned space and displacing local small industry and the creative sector. The following recommendations are steps that address the loss of community jobs to condominium developments and ensure that the city maintains the commercial space necessary for the future growth of jobs in this largely self-employed and entrepreneurial sector. They are also intended to support the need for artist studio spaces and other creative industry that is a vital part of the city's community, economy and tourism that contribute to Providence's national reputation as a destination.

- **Removing the automatic Live/Work variance on some of the buildings on the ICBD list.** Currently, all of the buildings on the ICBD are given an automatic live/work variance. Removing this variance on a select number of buildings in strategic neighborhoods would ensure that the benefits of commercial space remain available for communities. We will base these recommendations on the results from the PCIS mill occupancy survey of the ICBD and input from PPS.
- **Extending the down city tax incentives for artists to the Mill Initiative.** The Down city tax free zone incentives have not effectively benefited artists in the years since its initiation. Proposing to streamline the application process and add this incentive to the buildings of the ICBD, a primary location of a number of artists in Providence, in order to properly align the incentives with the people, with respect of where they choose to locate themselves. These incentives will further encourage the preservation and redevelopment of commercial space in the ICBD and have found support in the city administration through the Dept. of Arts Culture & Tourism.
- **Provide an automatic Property Tax Abatement for any redevelopment of an ICBD building into commercial/industrial space.** The equation for redeveloping these buildings into residential is highly attractive given the return on investment (\$250 a sq. ft. average for condo sales). In order to encourage commercial and mixed-use development in the ICBD, the automatic tax abatement can be used as an essential tool. The following are different options PCIS is exploring.

**Options:**

**Require a developer to redevelop at least 50% of a building into commercial space in order to be eligible.**

**Linking the percentage of commercial sq. ft. space in a redevelopment directly to the amount of a building eligible for the Property Tax Abatement.**

**Eliminate the Tier System as a solution to increasing city tax revenue and instead change the terms of the tax abatement to more substantially increase revenue.**

In an effort to increase property tax revenue, the city is currently undergoing a reevaluation of the 250 buildings listed on the ICBD and the automatic tax abatement for which each building is currently eligible. To this end, a 3 Tier System of priority is currently being proposed. The 3<sup>rd</sup> Tier of these buildings would be taken off this list entirely and remain ineligible. The 2<sup>nd</sup> Tier would need to undergo an application process to be eligible and the 1<sup>st</sup> Tier would automatically receive the Property Tax abatement.

As an alternative, PCIS would recommend that the duration of the stabilization be shortened from 10 to 5 years for residential redevelopments. After the 5-year period, the property would be reassessed and for the following 5-year period, the taxes would increase at 20% increments to reflect the real assessment on the 10<sup>th</sup> year. Not only would this allow all the buildings on the ICBD to remain eligible, but it would also create a smooth transition for the property owners to adjust to the often dramatic increase from the stabilized tax base to the reassessed base. In the end, this would generate far more revenue for the city in the short term as opposed to reducing the amount of buildings eligible.

The stabilization for commercial redevelopments should remain 10 years, to offer incentive that will offset the commercial property tax and encourage these redevelopments.

**Create a system within the property tax abatement program that allows for the abatement to remain in perpetual effect on those portions of a development that create affordable housing and commercial space.** Affordable housing would be defined by HUD guidelines and affordable commercial space would be defined as 50% of the established sq. ft. rental market within an area.

**Reevaluate property tax assessment in the ICBD to encourage commercial use.**

Currently, property taxes on commercial buildings are rated higher than residential buildings. In order to promote commercial preservation and redevelopment within the ICBD, the commercial tax base should be revisited. In doing so, it should be noted that residential conversions of these buildings are driving their value. It would therefore be unfair to tax those buildings that remain commercial because of their potential in the residential market.

- **Lower the threshold for commercial rehabilitation to qualify for the property tax abatement.** Currently, in order to qualify for the program, the cost of rehabilitation project must equal at least 50% of the adjusted basis of the property. PCIS is recommending that the threshold be lower than 50% for commercial development in order to encourage such rehabilitation. This would be a timely policy as the new fire codes are currently being enforced on the ICBD, and many owners are contemplating the future of their properties as they face the costs of meeting code requirements. If they could qualify for the tax abatement on just the costs of these improvements, we could encourage many of these commercial buildings to remain in their current capacity.
- **Define and enforce "Live/work" zoning to reflect a real mix of commercial and residential use.** In doing so, the city would have to rewrite the automatic live/work variance to include residential, as this is the driving force behind nearly all of the proposed and ongoing

development within the ICBD that is creating economic growth in the city. PCIS would then encourage that the ICBD be broken down into 3 separate zoning structures; Residential, Live/Work and Commercial. In this regard, the 3-Tier system could be used as a tool to prioritize residential zoning. This 3-zoned approach is probably the most ideal solution to enforce mixed-use development in the ICBD.

- **Live/Work Dormitory Ordinance for the ICBD - An Initiative by PUENTE**  
 This piece encourages the type of mixed-use intended within the ICBD when the automatic live/work variance was passed, and would be included in defining the term as noted above. The incorporation of this ordinance in PUENTE's redevelopment (a non-profit mixed-use redevelopment on Valley Street) would provide a tangible model for other groups as an affordable live/work concept. By increasing the capacity for unrelated persons to live within a unit and the ability to have common bathrooms & kitchens, this would allow mixed-use developments within the ICBD to dedicate a greater percentage of their space for commercial and industrial applications.
- **Streamline Fire Code variance procedures for any redevelopment of an ICBD building into commercial/industrial space.** Asking the city to assign a Marshall to assist in the process through these procedures. This is an incentive for development - an overall cost savings that will help offset some of the other requirements.
- **Require a percentage for the arts from the property tax abatement on ICBD redevelopments that constitute a substantial residential component.** 5% of the total tax abatement savings would be put into a fund 1) for the Fire Marshall to use in assisting artist redevelopment projects, or 2) for the Dept. of Arts Culture & Tourism to use for the same. This percentage for the arts would apply to all redevelopment that were 75% or more residential.
- **Developing a Commercial Economic Development (CED) Zone that provides a 50% tax break on sales and use tax for businesses located in those parts of ICBD buildings redeveloped for commercial use.** Encourages commercial redevelopment and benefits the immediate community by nurturing economic development through employment and small business growth. Also encourages mixed-use developments, as an incentive for tenant recruitment. This mirrors an ordinance in West Warwick and Woonsocket. The CED Zone would be specified to the buildings in the ICBD. Any business that moves into this district would get a 50% tax break on sales and use, and the remaining amount collected would be allocated to a fund that would be accessible to the immediate surrounding community within a one-mile radius. This would be in effect for 10 years, with the possibility of 5-year incremental extensions. In the long term, this piece will help the city realize a sustainable tax base.
- **City Development Initiatives that show community accountability.** Advocating for the city's Department of Planning and Development to nurture relationships with developers that believe in smart development and community accountability. In other words, Providence has become an attractive place for outside developers. Whereas 4-5 years ago, this was much needed and we were not as selective, we are now in a place to be more strategic in what we offer and what we desire with these redevelopments. Encouraging the city to work on a case-by-case basis in terms of selecting developers that give back to the community will encourage accountability. A good example would be the case of Rising Sun Mills where Struever Bros. & Armory Revival improve Donigian Park in Olneyville every year.

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