

Despite false start, transformation of Jewelry District taking shape

By **Scott Blake** - November 9, 2018 4:00 am



REVITALIZATION: Sharon Steele, president of the Jewelry District Association, with the Wexford Innovation Center in the Jewelry District of Providence behind her. Steele says revitalization efforts in the district have gained traction under Gov. Gina M. Raimondo and have been good for the neighborhood. / PBN PHOTO/MICHAEL SALERNO

On a recent gray, autumn afternoon, early rush-hour traffic was backing up along Point Street in the old Jewelry District in downtown Providence. Most of the traffic wasn't coming from within the district. It was just passing through. Hardly anyone was on the streets, except for an occasional worker or student making their way through the hodgepodge of buildings and parking lots in a neighborhood that exudes a curious mix of urban blight and revitalization.

Seven years ago, this area was supposed to be part of the newly designated "Knowledge District."

There were plans to transform the Jewelry District into a hub of innovation, research and technology. The brainchild of business and civic leaders, the idea was born in a time of recession in the economy and crisis in the state's economic-development efforts with the collapse of 38 Studios, the video game company founded by former Boston Red Sox pitcher Curt Schilling. It was also a time of welcomed change in the district after Interstate 195 was rerouted south of the neighborhood, clearing a swath of 19 acres of developable real estate stretching from Interstate 95 to the Providence River.

Today, the Knowledge District concept – albeit under a different name – is taking hold, particularly in the old footprint of I-195. Whether it can become a model for Rhode Island's new economy, however, remains to be seen.

REBRANDING

In 2011, the predecessor to R.I. Commerce Corp., the state's economic-development agency, and the Greater Providence Chamber of Commerce partnered to produce a promotional video of the so-called Knowledge District. Later that year, then-Providence Mayor Angel Taveras selected Chicago-based architectural and design firm Perkins + Will to evaluate how best to develop the I-195 footprint. But such efforts were overshadowed when 38 Studios filed for bankruptcy protection in 2012, less than two years after the economic-development agency had approved a \$75 million loan guarantee for the company. The surprise bankruptcy degenerated into state and federal investigations, lawsuits and counter suits, court settlements and federal regulatory fines.

See related story.

"When 38 Studios went broke, a lot of things got derailed," said Mary Sadlier, executive vice president at Advertising Ventures Inc., the Providence firm hired to make the Knowledge District video. "They were talking about a larger campaign, but it never got funded."

After Gov. Gina M. Raimondo was elected in November 2014, she brought in a new economic-development team and the so-called Knowledge District was eventually rebranded as the Innovation and Design District. Like the Knowledge District concept, it doesn't have official boundaries but generally encompasses the Jewelry District. The major jewelry-related businesses that once filled the neighborhood are long gone.

Some in the neighborhood, wishing to hold on to the past, still prefer to call it the Jewelry District. The city's official name for the neighborhood is now the Jewelry/Innovation District.

No matter what it's called, there have been changes in the district in recent years and more are on the way.



LARGE INCENTIVES: In order to make the Wexford Innovation Center, pictured above, a reality, the state put forth its largest package of financial incentives under Gov. Gina M. Raimondo's administration, including about \$19 million from the state's I-195 Redevelopment Project Fund and \$15 million in tax credits from R.I. Commerce Corp. / PBN FILE PHOTO/ARTISTIC IMAGES

LOW RENTS

"It's very challenging, but we're working very hard on it," said Peter McNally, executive director of the I-195 Redevelopment District Commission. Among those brought in by Raimondo to help inject life into this neighborhood, McNally spent much of his career as a real estate investor, putting together and managing large-scale urban-development projects in New York, Chicago, Los Angeles and San Francisco.

Among the local challenges are Providence's relatively low commercial lease rates.

"In Rhode Island," McNally said, "the rents just aren't high enough. The rents [a developer can charge tenants] can't support the cost of new construction."

That's where government gap-financing incentives come into play.

"Until rents go up," McNally explained, "the Raimondo administration is trying to stimulate activity. The idea is if we can get enough going, it will self-generate."

Rhode Island officials created the I-195 Redevelopment District Commission in 2011 as demolition was underway of the section of the highway that passed through the Jewelry District. Virtually all construction and demolition under the \$600 million-plus project was completed in 2013. Meanwhile, the newly formed commission was charged with the marketing, sale and oversight of the land in the highway's old footprint.

Chosen by Raimondo, the appointments of McNally and others came as the governor put in place a new set of business-development incentives. The state worked with Providence Mayor Jorge O. Elorza, also elected in 2014, to create a tax-stabilization agreement for developers interested in the I-195 land. Most of those parcels became ready for development in 2014. The preparations included laying new underground power and water lines and realigning streets to attract developers.

That's what former Gov. Lincoln D. Chafee called "setting the table" for development. Elected in November 2010, Chafee said he sought to improve infrastructure in the Jewelry District and, earlier as a U.S. senator for Rhode Island, he helped secure federal money for the I-195 relocation. But unlike his successor, he said, he believes government should not provide tax breaks or use public funds to induce private-business investment. Furthermore, he added, there were signs the economy was improving, so he believed development could unfold in the Jewelry District at its own pace.

"Politicians love to get [construction] cranes in the sky with taxpayers' money. Studies show that it doesn't work in the long term," Chafee said. "It's not fair to businesses that have been paying their taxes for years."



WALKING TOUR: Olin Thompson, a member of the Jewelry District Association who has lived in the neighborhood for 10 years, gives one of his two-hour, free walking tours. / COURTESY OLIN THOMPSON

SHARED VISION

While those in the Raimondo administration don't discount earlier efforts to redevelop the Jewelry District, they believe that government needs to play an active role – at least until the changing dynamics of the neighborhood gain more momentum.

"We want to draw upon the aspirations of the past and the enthusiasm of the present to actively fulfill the vision for the I-195 corridor," said Stefan Pryor, whom Raimondo appointed as Rhode Island's first secretary of commerce. A member of the I-195 Redevelopment District Commission, Pryor formerly was president of the Lower Manhattan Development Corp. in New York, which undertook revitalization initiatives following the 9/11 attacks.

Pryor said a key to sparking revitalization in the Jewelry District – and Rhode Island as a whole – is the "suite of incentives" that Raimondo has spearheaded since 2015. Those include the Qualified Jobs Incentive Tax Credit, which offers redeemable tax credits for up to 10 years to companies that expand their workforce in Rhode Island or relocate jobs from out of state; the Rebuild Rhode Island Tax Credit, which offers redeemable tax credits to help fill financing gaps for companies undertaking real estate projects; and Innovation Vouchers, which offer grants up to \$50,000 to help companies pay for research and development assistance.

Sharon Steele, president of the Jewelry District Association, a group of merchants and residents, recalled how I-195, which was elevated so neighborhood traffic could pass beneath it, was a nuisance that cut the district in half and served as a barrier from the rest of downtown.

"It was dark and dingy," Steele said about the old I-195, built in the 1950s. "It was noisy."

However, she said, those in the Jewelry District never really embraced the Knowledge District campaign. She called it a "silly" name with little relevance to the neighborhood. Names aside, she added, revitalization efforts have gained traction under the Raimondo administration, and that's been good for the neighborhood.

The Elorza administration is in lockstep with Raimondo's goal, hoping to feed off Providence's ample supply of universities and hospitals.

"We hope to further the ideas outlined in the Knowledge District plan by capitalizing on the presence of the growing health care and higher education anchor institutions in and around the Jewelry District as part of [my] administration's Urban Innovation Vision," Elorza said.

The mayor's vision involves the creation of two "innovation districts" – one in the Jewelry District and the other along the Woonasquatucket River corridor. The Jewelry District, Elorza said, will primarily serve as a hub to attract life sciences, biotech, marine tech and innovation-based industries, while Woonasquatucket corridor is more focused on arts and design-based industries.

In September, the mayor announced the creation of an "Urban Innovation Partnership" between the city and the health care and higher education institutions anchored in Providence.

Over the next year, he said, the partners will work to identify collaborative projects to work on that align with the vision.

WHAT'S CHANGING

Currently in the Jewelry District, looking down the slope of the I-195 footprint that stretches from Interstate 95 to the Providence River, it's becoming less apparent that the highway was ever there. At the top of the slope near I-95 along Dave Gavitt Way, there's an undeveloped lot with mounds of dirt piled up to 20 feet high. The next parcel down Friendship Street is being prepared for construction of the Chestnut Commons housing complex by Providence-based Waldorf Capital Management. A banner on the fence shows the \$32.9 million project is slated for completion next fall. Plans call for a six-floor, 110,695-square-foot building on former I-195 land. The complex will have 91 one- and two-bedroom apartments; 30 covered parking spaces; about 5,300 square feet of commercial space, including street-level retail and restaurant space; and about 5,000 square feet of green, open space.

Just a few feet away on the other side of Friendship Street stands Johnson & Wales University's John J. Bowen Center for Science and Innovation. It was built on land JWU acquired from the I-195 relocation. Dedicated in 2016 with Raimondo and Elorza looking on, the complex at 75 Chestnut St. houses the university's new biology program and its School for Engineering and Design. It's considered the first major step toward redeveloping the footprint – what state and city officials envision as a synergistic soup of commercial, academic, residential and retail activity around the neighborhood.



FORMER FACTORY: Jewelry District Association member Olin Thompson lives on the eighth floor of a former jewelry factory on Chestnut Street in Providence. Thompson, standing in front of his building, gives free, two-hour walking tours of the neighborhood. / PBN PHOTO/MICHAEL SALERNO

Former Mayor Taveras, now an attorney for Miami-based law firm Greenberg Traurig's Boston office, likes how the recrafted Knowledge District concept has progressed under Raimondo's team. "I think it's going well," he said.

Taveras said the \$220 million South Street Landing project, which officially opened last November and features a nursing school and academic offices, began under his administration outside of the I-195 footprint. He said it seems to have served as a catalyst for redevelopment there. "I believe the nursing center was key," he said. Another important step was the Johnson & Wales Center for Science and Innovation, in which he said the city played a significant role.

Down the slope from the Chestnut Commons project is a grass lot, then the site where a multilevel parking garage is being built behind the Garrahy Judicial Complex. Just to the south of the courthouse stands the Wexford Innovation Center, an \$88 million project slated for completion next summer. Baltimore-based Wexford Science & Technology, which specializes in such projects, has agreements with Cambridge Innovation Center, Brown University and Johnson & Johnson to move into the seven-floor structure.

The building's primary tenant, Cambridge Innovation Center plans to offer office space there for startup companies and business entrepreneurs. Brown's School of Professional Studies – located diagonally across from the Wexford site on Dyer Street – plans to become a main tenant in the new building. And pharma and consumer products giant Johnson & Johnson plans to occupy the top floor.



ONGOING CONSTRUCTION: Pictured is ongoing construction of the Wexford Innovation Center along Richmond Street in the Jewelry District of Providence, with the older buildings of the neighborhood behind at left. / PBN PHOTO/MICHAEL SALERNO

Commerce RI sees the Wexford project as the latest example of revitalization efforts in the Jewelry District. But it didn't come cheap. To jumpstart the Wexford project, the state offered up its largest package of financial incentives under the Raimondo administration. That included about \$19 million from the state's I-195 Redevelopment Project Fund, which Raimondo and legislators infused with cash in the fiscal 2016 state budget, and another \$15 million in tax credits from Commerce RI. The 200,000-square-foot Wexford building is the first of possibly three phases of development of office and lab space that Wexford may undertake around the site, covering up to 5 acres.

"This is a prototype for the kind of deal we'd like to see," McNally said.

Brian Dacey, president of Cambridge, Mass.-based Cambridge Innovation Center, said his company usually focuses such projects on larger cities that will bear higher commercial lease rates than Providence currently can. But the willingness of state officials and Wexford to work with his company tipped the financial scales in Providence's favor.

"The incentives allowed the economics to work in a small city," he explained.

Cambridge Innovation Center, which also will serve as the building's manager, will try to replicate its facility in a renovated stretch of South Boston's waterfront now being called the Seaport District. Like Boston, the Providence project will include a "District Hall" where entrepreneurs, researchers, students and others can mingle for seminars and other events. A related firm, Venture Café, also will have a presence in the building to coordinate networking. The main piece of the project, however, will be the office spaces

that Cambridge Innovation Center will build, then hopefully lease to small companies and startup firms.

Across Dyer Street from the Wexford project on the last part of the I-195 footprint before the Providence River, a city park is being built with a pedestrian bridge over the waterway to the city's East Side. At the north end of the riverfront park is where New York-based real estate developer Jason Fane hopes to build his controversial luxury residential high-rise, Hope Point Tower. The I-195 Redevelopment District Commission sold the land to Fane for \$2 million and has endorsed the \$300 million proposal. But it still needs approval for a zoning change from the City Council because of height restrictions on the land. The project has been held up by a debate largely over the size of the tower. In October, Fane appeared before City Council members at City Hall and presented his latest offering, trimming the height down to 533 feet from 600 feet. Some merchants in the neighborhood like the proposal because they expect it will bring more people, including the affluent, into the neighborhood. Others in the neighborhood appreciate Fane's proposal for the benefits it would bring – just not at its proposed location on the river.

"We want Fane to build on a spot that is currently zoned for tall buildings," said Olin Thompson, a member of the Jewelry District Association who has lived in the neighborhood for 10 years and leads walking tours there.

Meanwhile, Boston-based real estate developer CV Properties has formed a partnership with Wexford and plans to build an Aloft hotel on a lot between the Wexford site and the Garrahy courthouse. Construction has not started. The hotel wouldn't be the first foray into the Jewelry District for CV Properties.

Outside the I-195 footprint, a few hundred feet south of the Wexford site, where Dyer Street merges into Eddy Street, CV Properties developed South Street Landing. The second completed phase of the South Street Landing project involved construction of a 744-space, multilevel parking garage. And the third phase, currently under construction, is the River House housing complex partly for graduate, medical and upper-level nursing students. River House is slated to open next spring on the riverfront behind the Davol Square office and market complex, and across the street from the Manchester Street Power Station.

In an older-looking building on Ship Street behind Brown University's Warren Alpert Medical School, outside the highway's old footprint, are Brown University's labs for molecular medicine. Farther behind the medical school, outside the footprint back near I-95 on Point Street, is health care company Lifespan Corp.'s headquarters. One of Lifespan's hospitals – Rhode Island Hospital, less than a mile south of the Jewelry District, serves as the principal teaching hospital for Brown's medical school.



ROOFTOP VIEW: A panoramic view from the roof of the South Street Landing parking garage shows many of the sites surrounding the Wexford Innovation Center in the Jewelry District of Providence. / PBN PHOTO/MICHAEL SALERNO

GROWING INTEREST

Colin Kane, who resigned in 2015 as chairman of the I-195 Redevelopment District Commission as Raimondo brought in her team, commended her administration for carrying through with the mission of breathing new economic life into the Jewelry District. Chafee lauded Kane as a “dynamo” in working for infrastructure improvements in the district. Since departing, Kane has continued as principal and partner at Peregrine Group LLC, the real estate investment advisory firm in East Providence he founded in 2001.

“It’s all fantastic news,” Kane said about recent developments in the district, though he expressed reservations about whether the local housing market can support Fane’s tower.

“To me,” he explained, “it doesn’t make economic sense.” Providence’s comparatively high tax structure, coupled with the city’s deep financial liabilities from employee pensions, could be worrisome for developers.

“It scares off investors,” he said.

Thompson, the longtime Jewelry District resident, has seen the changes in the district from his eighth-floor apartment in one of the old, brick factory buildings in the neighborhood that has been renovated into housing. He’s excited about the ongoing projects and the people who will come to work and live in the district. Earlier this year, the neighborhood had an estimated residential population of about 500. Next year, he said, that number is expected to grow to 1,200.

“A lot of the people who have lived here are [age] 50 and above,” Thompson said. “A lot of these places will be bringing in millennials. That will bring new life to [the neighborhood] and we’re excited about that.”

Meanwhile, Thompson’s two-hour, free walking tours of the neighborhood have become more popular. About 20 people on average attended his last seven tours, significantly more than before.

“We’re trying to get more people interested in the Jewelry District,” he said.

Scott Blake is a PBN staff writer. Email him at Blake@PBN.com.

Want to share this story? [Click Here](#) to purchase a link that allows anyone to read it on any device whether or not they are a subscriber.
