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Don't overreact to the Studio 38 fiasco

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One of the underlying assumptions for pursuing the 38 Studios deal may have been that Rhode Island has few if any natural strengths to build on for economic development. That's a huge fallacy, but one that has plagued our state for generations as part of our damaging self-esteem problem.

A wrong and tragic lesson to draw from the 38 Studio debacle would be that we shouldn't make any investments in economic development, that we should just accept the status quo and hope that a national recovery eventually jolts us out of our economic doldrums. That's a recipe for long-term and avoidable underachievement.

A more constructive and accurate lesson to take away from the recent 38 Studios implosion is that instead of making high-risk, speculative investments in a single highly leveraged project, Rhode Island should invest systematically in our proven strengths and assets, such as our nationally renowned collection of charming, historic buildings and neighborhoods; our energy-efficient, compact development patterns; our booming agricultural sector; our well-positioned deepwater ports and harbors; and our accessible and abundant natural beauty.

For example, even though we know that Rhode Island is a very attractive, lively and user-friendly place that many people love to visit, we promote our state to tourists around America in an underwhelming and fragmented way. In fact, we historically have had the most poorly financed tourism-promotion effort of any New England state. This is a self-defeating policy decision that robs us of jobs as well as sales- and income-tax revenue, and it must be changed.

There is a range of other actions we can and should take that are likely to have a far better return on investment than that of embracing an inherently risky industry in which we have no established track record.

Let's restore our state historic-property tax credit to once again take advantage of our vast collection of historic buildings and neighborhoods, which we know are settings with great appeal for knowledge-economy companies and workers. It's far from a coincidence that United Natural Foods, the largest distributor of organic food in America, relocated several years ago from Connecticut to the rehabbed ALCO site, in Providence, that Atrion Networking expanded into Hope Artiste Village, in Pawtucket, after that historic-tax-credit project opened for business, or that Moran Shipping, a technologically sophisticated, homegrown corporation with international reach, decided to forgo a move to Houston and instead relocate to a rehabbed building across from the State House.

Let's capitalize on our large concentration of college students by providing them with more apprenticeships and opportunities to start businesses in the state.

Let's take fuller advantage of our energy-efficient development patterns, a major asset now that the era of cheap oil is behind us. To achieve this we need to provide more funding for our public-transit system, partly through new transportation user fees that reduce the system's dependence on the steadily shrinking gasoline-tax revenue base.

Let's maintain our remarkable urban-rural balance and our thriving agricultural sector, pass the governor's proposed bond issue for open space and farm preservation this fall and help municipal officials avoid the pitfalls of over-regulating farm activity.

To ensure that our workers and their families have adequate, well-sited affordable housing, let's pass the proposed affordable-housing bond issue as well.

And to take better advantage of our ports, let's approve the proposals for maintenance dredging at Quonset/Davisville and for coordinated marketing of port facilities there and at the Port of Providence.

Are these initiatives sexy and headline grabbing? Maybe not. Are they sound investments in a better future for Rhode Island whose benefits outweigh their modest costs? Absolutely!

But to develop the political and public will to pursue these kinds of investments we have to disabuse ourselves of another potential 38 Studios takeaway – that Rhode Island's leaders and institutions are hopelessly incompetent and destined to fail at forging public private partnerships for economic advancement. The recent expansion of commuter rail south to Wick-ford Junction, the establishment of the intermodal transportation system at T.F. Green Airport, the development of "WaterFire" as an internationally acclaimed public event along downtown rivers moved and reopened with a dozen lovely bridges in the 1990s, the commercial and aesthetic success of the Providence Place mall, the proliferation of successful farmers markets, and the conversion of the derelict Masonic Temple to the vibrant Renaissance Hotel all undercut the suggestion that we're the gang that can't shoot straight.

So as we grapple with the aftermath of the failure of 38 Studios, it is critical that we not overreact, not lose our nerve or our verve. We cannot let the 38 Studios debacle lead to an even bigger economic debacle for Rhode Island that would occur if we become timid and reject sound investments in our infrastructure and our people.

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