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City council approves TIF bond for development of waterfront site - by William Fazioli

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The East Providence waterfront had a legacy of more than 70 petroleum tanks that dominated the use of this land along the Seekonk and Providence Rivers. Faced with the challenge to revitalize this former industrial area, the East Providence Waterfront Commission, (EPWC) was established to spur redevelopment. Fortunately, the EPWC was granted the power to utilize Tax Increment Financing (TIFs) to serve as a vital tool to foster development.

On Nov. 19, 2019, the East Providence City Council unanimously approved an ordinance that would authorize a \$9.7 million TIF Bond, for the development of a former UNOCAL tank farm. The TIF would fund a portion of the municipal infrastructure and public amenities necessary to enable a vibrant \$70 million proposed mixed development project. The proposed development would include apartments, retail uses and a 150-room hotel. The development would also feature a waterfront boardwalk, a public plaza and a connection to the East Bay Bike Path. The overarching goals of this project are to increase the East Providence's tax base, provide for new employment opportunities and to enhance public access to a waterfront that has been out of reach for decades.

The development of the UNOCAL parcel represents another significant opportunity to transform a vacant, underutilized brownfield along the Providence Harbor into a valuable addition to East Providence's emerging waterfront district. The buildout of this parcel will serve as the gateway for future development of valuable waterfront parcels. Without support of the TIF, the site would likely remain undeveloped with no public waterfront access and would contribute very little to the city's economy.

The TIF Bonds are repaid by new revenues generated from private development and do not impact any existing revenues. TIFs do not represent a reduction or deferral of taxes on the private development. Instead, all taxes are paid in full. A portion of the new revenues, however, are channeled to pay for public improvements associated with the development. Finally, TIFs are structured as limited tax obligations and do not have any recourse to the city's credit or finances.

East Providence has firsthand experience with successfully issuing TIFs as illustrated by the recent Kettle Point development. In 2017, East Providence issued \$10.6 million in TIF Bonds to finance various public improvements to support this exciting mixed-use project which includes Class A medical space and attractive townhomes. This project also includes an expansion of the Urban Coastal Greenway that connects to a remarkable fishing pier, which extends into the upper bay. Prior to development, the total assessed value of this property totaled \$2.7 million and yielded only \$67,000 in tax revenues to East Providence. As of 2018, however, the total assessed value of this property surpassed \$50 million and generates nearly \$1.2 million in tax revenues. These increased tax revenues exceed the annual debt service payments of the TIF.

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