To:	City of Providence, Department of Planning and Development
From:	Roderick Taylor, Rappaport Fellow at Harvard Kennedy School
Date:	June 2024
RE:	Chart Book: ULRI Market Analysis

The objective of this chart book is to assess the feasibility of diverse development projects on the Urban League of Rhode Island (ULRI) land at 246 Prairie Ave. The study aims to analyze market conditions, demand, and supply dynamics to evaluate public, residential, commercial, and mixed-use developments. It will assess market demand, competitive landscape, site suitability, and financial viability. A limitation is the lack of stakeholder engagement, which means that community insights were not directly incorporated into the analysis.

To that end, the following guiding questions were addressed:

- **Feasibility of development projects.** What types of residential, commercial, and mixed-use development projects are supported by current market conditions and demographic trends in Providence?
- **Constraints and opportunities.** What are the key constraints, such as regulatory, financial, and land availability factors, and what opportunities exist for addressing these challenges in the ULRI area?
- **Balancing community needs with market realities.** How can development strategies balance the community's needs, including historical significance and current priorities, with market trends and financial feasibility?

Contents

Key Insights

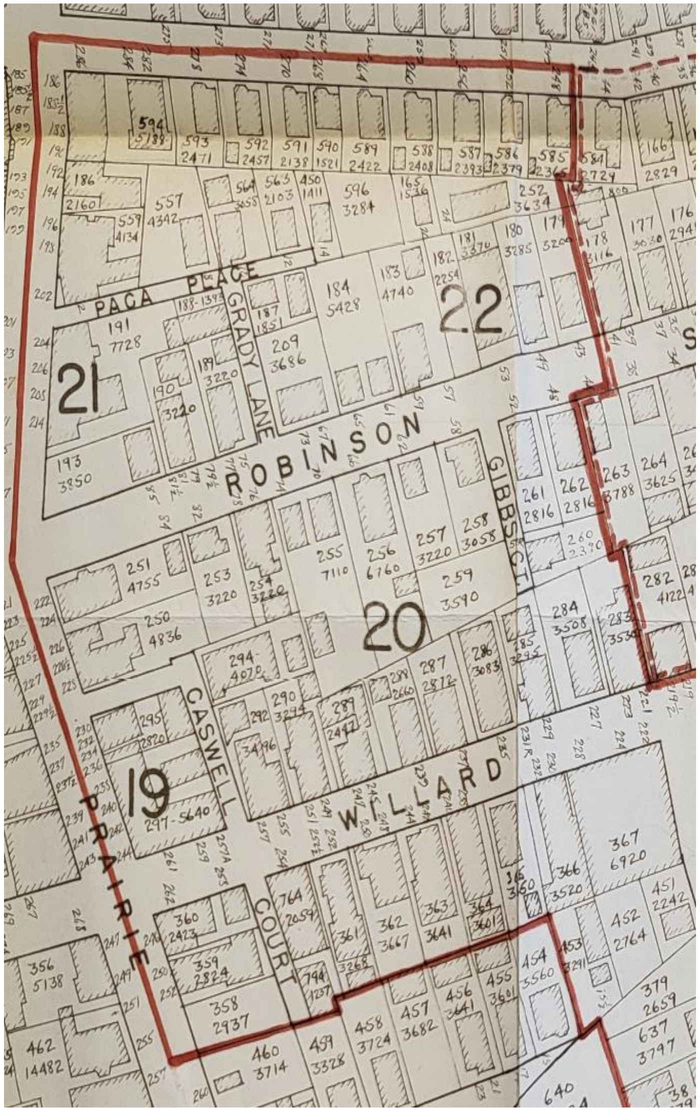
- **Robust housing market demand.** Providence's housing market is experiencing significant growth, with rapidly increasing prices and a low residential vacancy rate of 6.1 percent. This underscores the urgent need for expanded housing options to meet the surging demand.
- **Growing commercial potential.** The substantial economic growth in Providence, reflected in rising household incomes and increased purchasing power, creates a promising market for retail, dining, and service-oriented developments.
- **Community aspirations for memorial space.** There is a strong community-driven desire to develop the ULRI site into a memorial or public space, honoring its historical significance and fostering a sense of heritage and community pride.
- **Zoning and financial barriers.** Existing zoning regulations and high initial development costs present significant challenges. Effective planning and strategic financial approaches are essential to overcome these hurdles and facilitate successful development.
- **Supportive development climate.** Providence's increasing population and rising household incomes provide a conducive environment for diverse development projects. While stakeholder engagement was not conducted in this study, leveraging urban development programs and incorporating community feedback in future stages are critical for ensuring project feasibility and community alignment.

Site History

Understanding the historical context of the site at 246 Prairie Ave is essential for evaluating its potential for future development. The site's past transformations reflect social, economic, and urban planning trends that shaped the current landscape. Below is a brief timeline of the site's history.[1]

- **Pre-1954.** The area was a dense residential neighborhood with more than 70 19th-century buildings (see Figure I). These buildings were a mix of single-family homes, multi-family tenements, and small businesses. The neighborhood housed a diverse population including Irish, Italian, Jewish, and later African American communities.
- **1954.** The Willard Center Redevelopment Project in South Providence, begun in 1954, was the first urban renewal project undertaken by the Providence Redevelopment Agency (PRA). The redevelopment included a shopping center, the Edmund W. Flynn Elementary School, and a park. This project displaced around 200 families and led to the demolition of the historical residential and commercial buildings that previously occupied the site.
- **Late 1960s.** The area experienced significant decline and disinvestment. During this time, the shopping center became a focal point for civil rights activities, including rallies and campaigns led by organizations such as the Congress of Racial Equality (CORE). This period of turmoil culminated in the demolition of the shopping center.
- **1970s.** The current ULRI building was constructed on the site of the former shopping center (see Figure II). It housed the Urban League of Rhode Island offices, a police substation, and a homeless shelter, supported by President Johnson's Model Cities initiative.
- **1990.** The Urban League of Rhode Island officially acquired the building from the city, continuing its mission to serve the local community.
- **2012.** The Edmund W. Flynn Elementary School, part of the initial redevelopment, was closed and later demolished due to prolonged disinvestment and decline.
- **2022.** The Providence Redevelopment Agency acquired the ULRI property with plans to demolish the existing building and redevelop the site.

Figure I: ULRI Site, Pre-Development



Source: Willard Center 1953 Redevelopment Plan

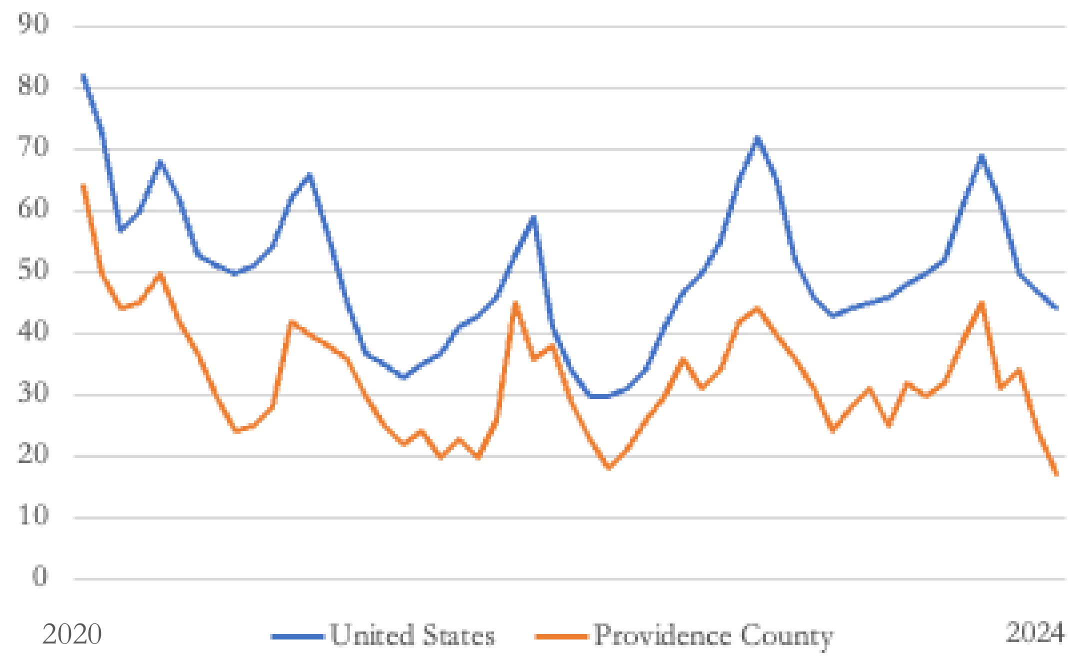
Figure II: Current ULRI Site

Source: City of Providence

Residential Development

Housing market. Providence's housing market is projected to be among the 5 hottest markets in the U.S. in 2024.[3]According to the Federal Housing Finance Agency's House Price Index,[2] housing prices in the Providence metro area have more than tripled since 2000, and they've increased by more than 50 percent from Q1 2020 to Q1 2024.[3] According to Realtor.com, the median home sold price in May 2024 was $406,500[4] and median amount of time that properties were on the market in Providence County is 17 days, with inventory moving 30 percent faster than May 2023 and 27 days faster than the US overall.[5]

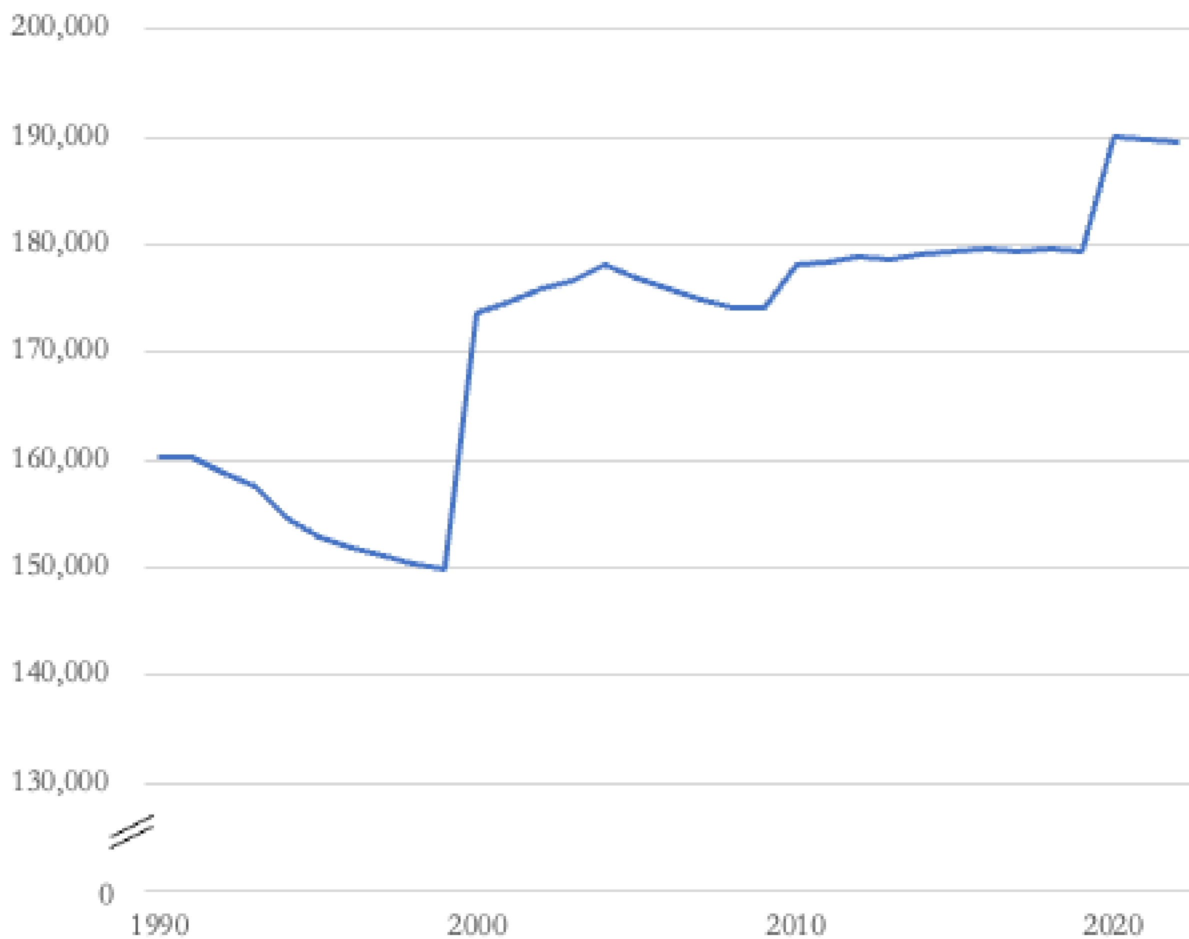
Figure III: Median Days on Market



Source: Realtor.com

Population growth. Over the last 15 years, Providence has experienced a 9 percent population growth.[6] The ULRI area has grown by 14 percent over the same period, driven by changes in Census tracts combined with an influx of young adults and families.[7] This demographic shift highlights a strong demand for residential units and underscores the need for increased housing availability to accommodate the diverse and expanding community.

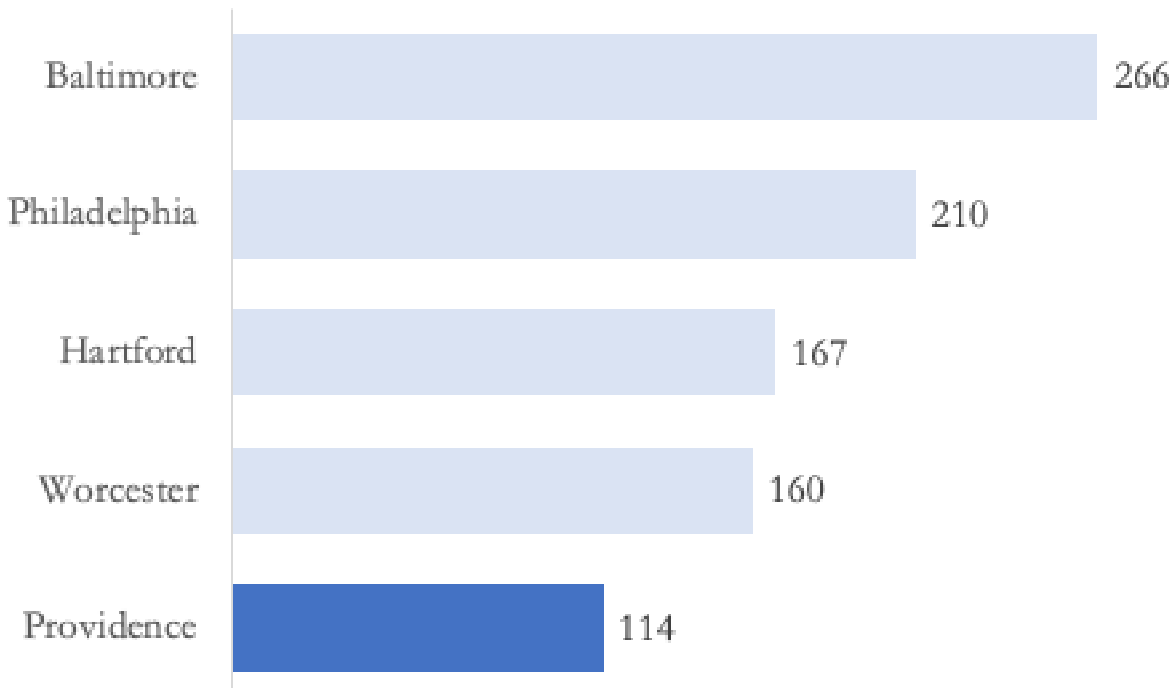
Figure IV: Providence Population



Source: Census Bureau

Housing starts. In 2023, housing starts in the Providence metropolitan area have been relatively low compared to other cities, with approximately 114 housing starts per 100,000 population. This is significantly lower than cities like Philadelphia (210 housing starts) and Baltimore (266 housing starts). Further, Providence has an older housing stock than comparable cities – the median year of construction for homes in Providence is 1938, which is older than cities like Worcester (1953) and Philadelphia (1950). However, the demand for new housing remains high, as indicated by the short average median time of homes for sale in early 2024, which was only 17 days.

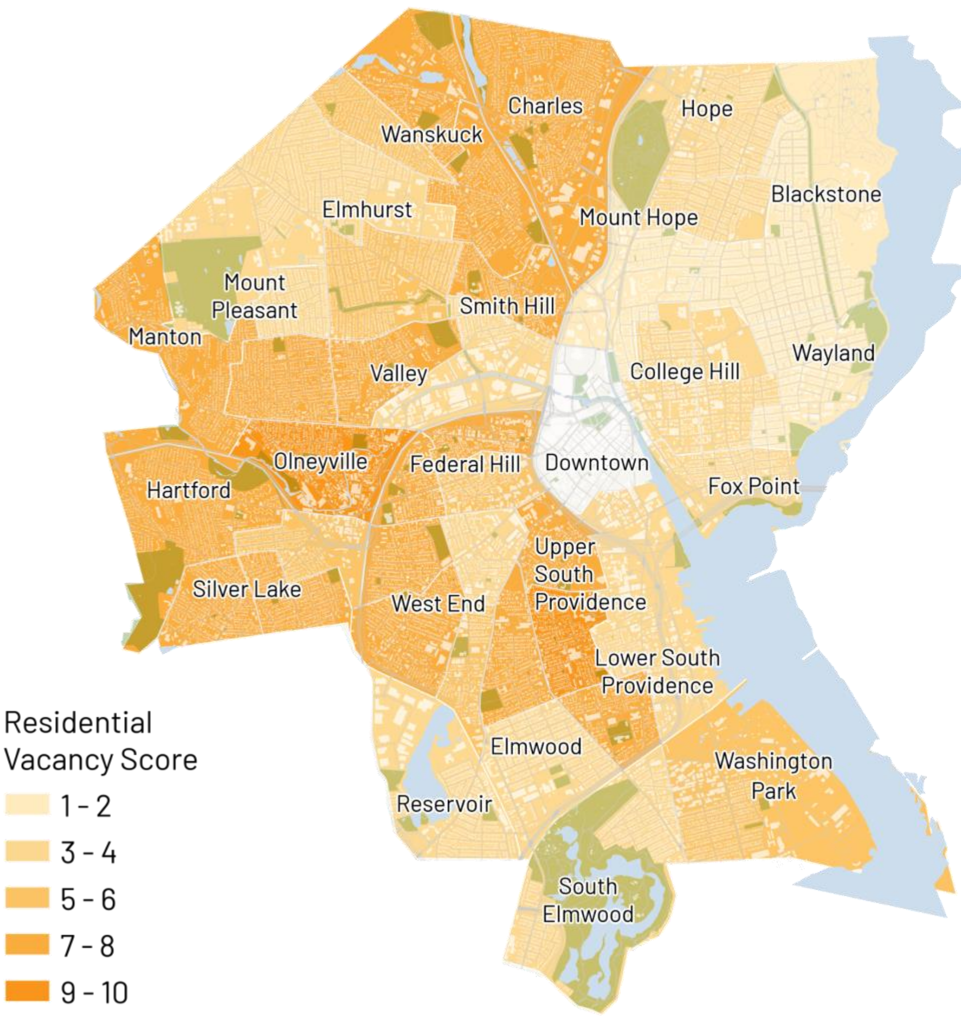
Figure V: Housing Starts in Selected Cities
Housing Starts Per 100,000 Population at the Metro Level, 2023



Source: Analysis conducted by Harvard Kennedy School students in Spring 2024

Residential vacancy. Vacancy rates in Providence are relatively low, indicating a tight rental market. The city-wide vacancy rate stands at 6.1 percent,[8] which falls within the healthy range of 5-10 percent for rental markets.[9] This is comparable to other cities like Worcester and Hartford, but much lower than Baltimore, which has a higher long-term vacancy rate of 7.2 percent. To identify the spatial distribution of residential vacancy within Providence, Harvard Kennedy School students created a Residential Vacancy Index by combining ACS, USPS, and Tax Assessor data and standardizing it on a scale of 1 to 10 (higher figures correlate to higher vacancy rates). See Figure VI below.

Figure VI: Residential Vacancy Scores Across Providence



Source: Analysis conducted by Harvard Kennedy School students in Spring 2024

Development opportunities. The growing population and demand for rental units present a favorable environment for developing affordable housing and mixed-income residential projects. These developments can cater to the needs of low- to moderate-income families and young professionals seeking rental options or those looking to buy. Additionally, the area's increasing population density supports the development of multi-family housing complexes, which can maximize land use and provide a range of housing options to meet market demand.

Considerations. There are several constraints to consider for residential development in the ULRI area. The availability of land suitable for large-scale residential projects is limited, which could pose a challenge for developers looking to undertake significant housing developments. Zoning restrictions (see Figure VII) may also limit the types of residential projects that can be pursued without obtaining variances or undergoing rezoning processes. These regulatory hurdles can add complexity and time to the development process, impacting project timelines and costs. Despite these challenges, the overall market conditions in the ULRI area remain favorable for residential development, particularly for projects that address the community's need for affordable and diverse housing options.

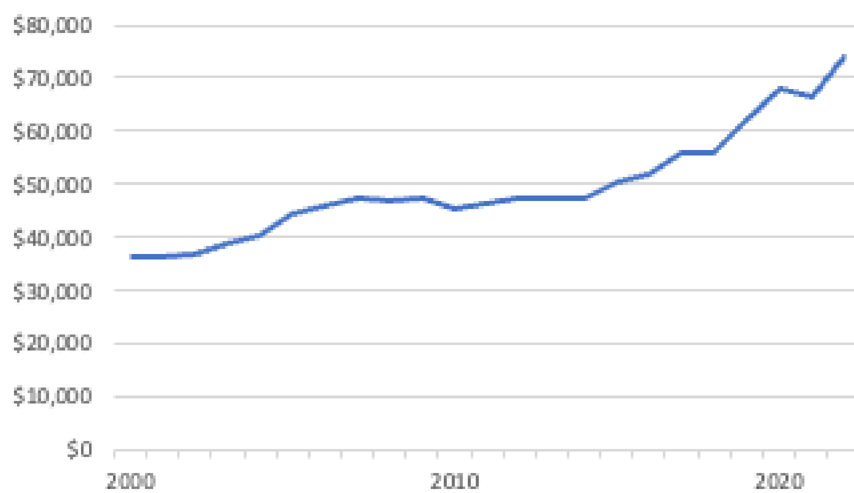
Figure VII: Upper South Providence Zoning Map

Note: The ULRI site, located in the center of the map, in red, is zoned as a heavy commercial district. Blue = hospital district. Yellow = residential. Purple = neighborhood commercial. Green = public space.
Source: City of Providence Interactive GIS Map

Commercial Development

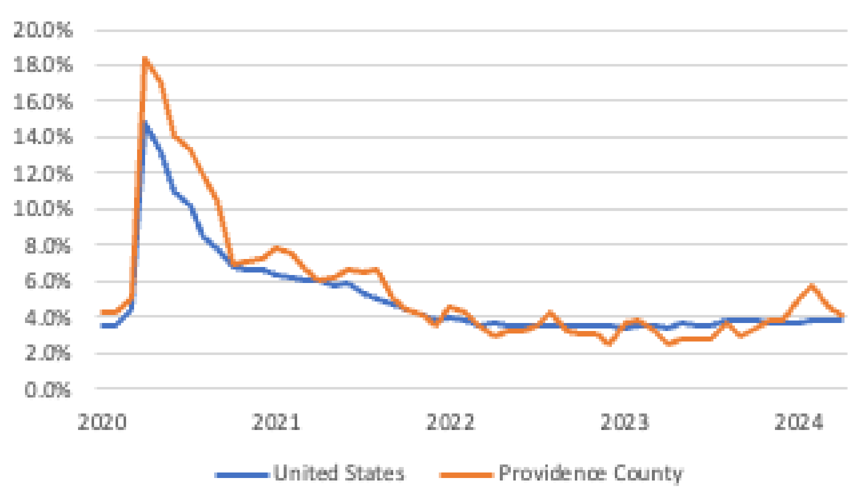
Demand. The economic growth in Providence is evidenced by a significant increase in household income. While nominal median household income for Providence County more than doubled from $36,493 in 2000 to $74,190 in 2022,[10] adjusting for inflation reveals the real income growth of 36 percent over the same period. In April 2024, the unemployment rate for Providence County was 4.1 percent – slightly above the US overall unemployment rate of 3.9 percent.[11] This increase in real median household income could signal higher purchasing power and a potentially stronger market for commercial activities, such as retail and dining. However, many individuals are underemployed, and the rising prices of housing and other goods mean that the full economic picture is more complex.

Figure VIII: Median Household Income for Providence County (nominal)



Source: Census Bureau

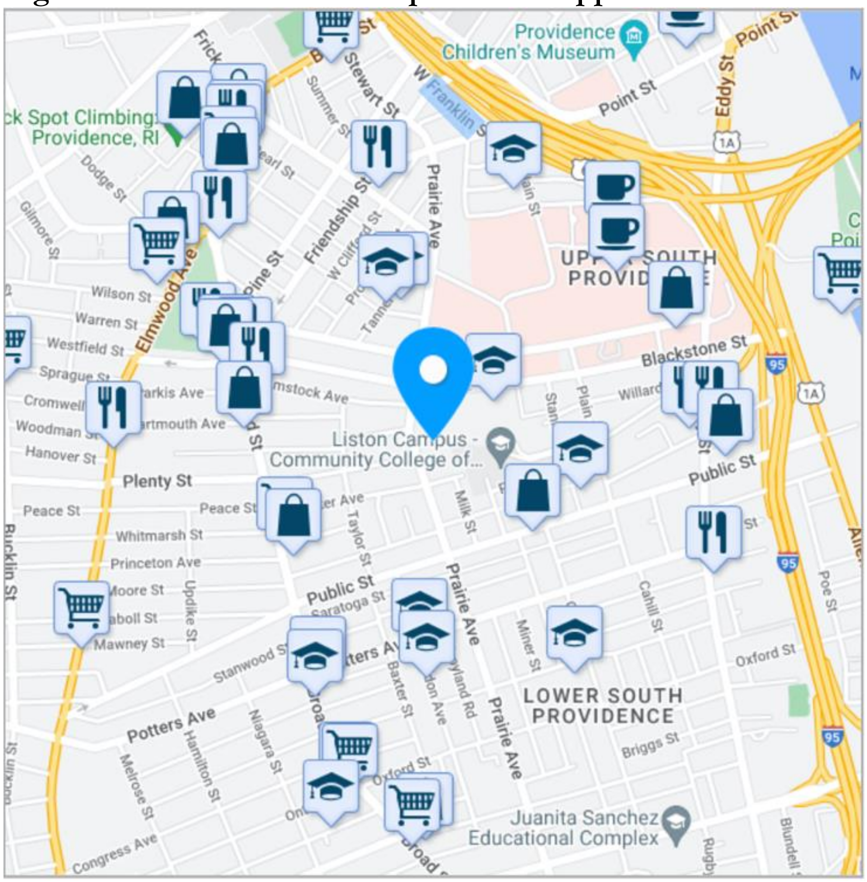
Figure IX: Unemployment Rates for US and Providence County



Source: Bureau of Labor Statistics

Supply. Currently, there is a moderate presence of commercial establishments in the area. Further, the area has a walk score of 76, meaning that most errands can be completed by walking (see Figure X).[12] However, the existing supply may not be sufficient to meet the needs of the growing population. The demand for additional amenities is driven by the increasing number of residents who require more retail, dining, and service options close to their homes. Figure II below shows a snapshot of some commercial developments, but see the amenity analysis for a complete analysis of what is in the area.

Figure X: Commercial Developments in Upper South Providence



Note: The blue pin is on the ULRI site.
Source: Walk Score

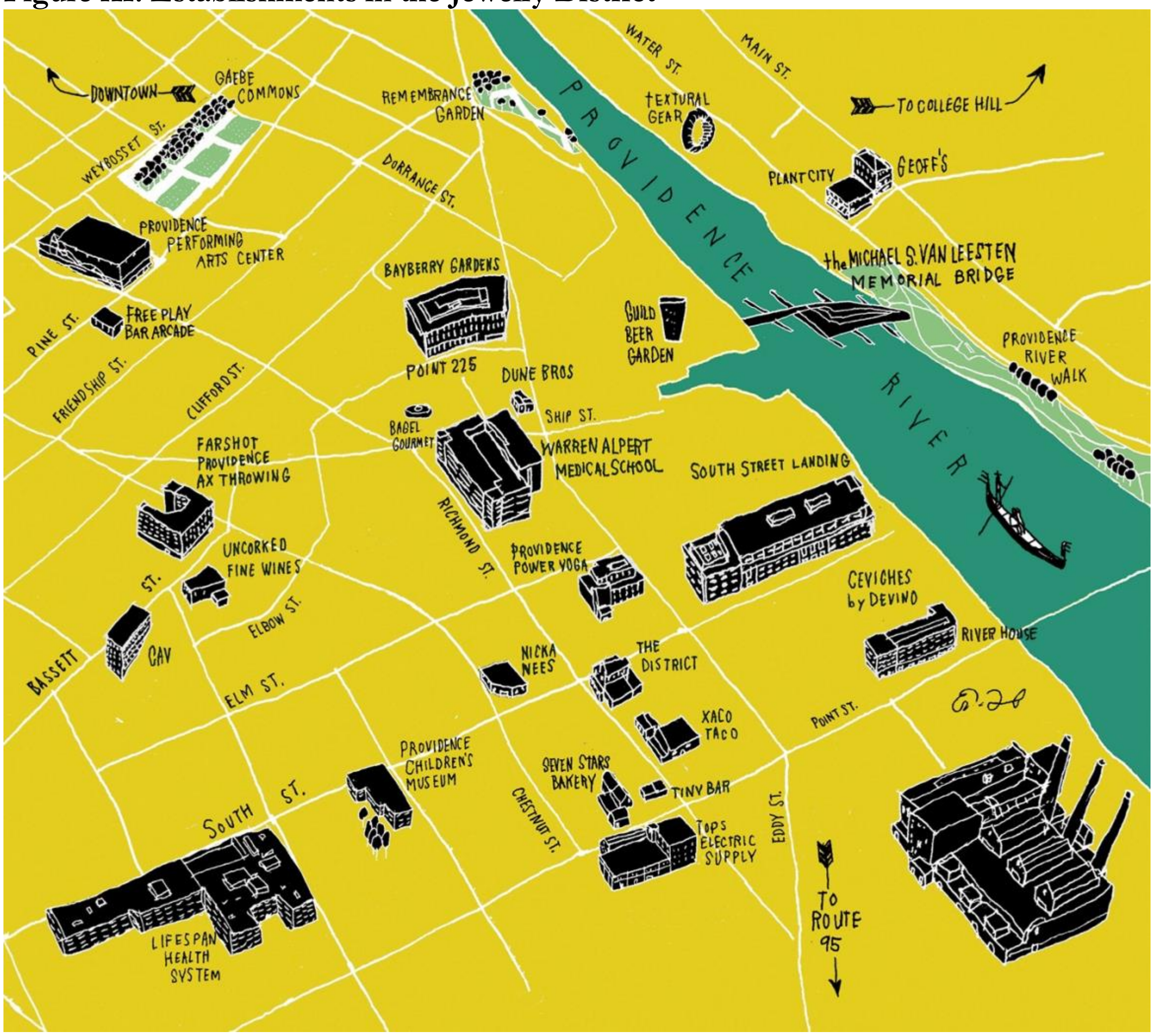
Development opportunities. The area surrounding the ULRI site presents several opportunities for commercial development. The development of retail spaces, local businesses, and service-oriented projects can meet the needs of the diverse and increasing population.

Constraints. One of the constraints to commercial development is competition from established commercial centers. These existing hubs have a well-entrenched customer base and may pose significant competition to new entrants. Additionally, the initial investment of time and funds required for commercial development will be substantial. Securing financing and ensuring the financial feasibility of new projects can be challenging, particularly in a market where the return on investment might not be immediately apparent.

Mixed-Use Development

Demand. Mixed-use developments that combine residential, commercial, and public spaces are increasingly in demand, particularly in urban areas experiencing growth and higher population density. In Providence, the rising population and economic improvements have heightened the need for spaces that serve multiple purposes. The Jewelry District (see Figure XI), for example, is transforming with a surge in mixed-use projects that aim to revitalize this historically industrial area. These developments offer convenience and efficiency by integrating living, working, and leisure spaces within close proximity.

Figure XI: Establishments in the Jewelry District



Source: Brown Alumni Magazine

Supply. Providence's current urban landscape is conducive to mixed-use developments, and there are numerous examples, such as Capitol Square (see Figure XII). The city's infrastructure supports such projects due to its proximity to essential services, public transportation, and other urban amenities. The integration of different uses within a single development promotes a vibrant, walkable community. This urban structure aligns with the city's planning goals, which emphasize sustainable development and efficient land use. Additionally, the city's zoning reforms and incentives for developers have further facilitated the growth of mixed-use projects.

Figure XII: Capitol Square

Source: Congress for the new Urbanism

Opportunities. The potential for mixed-use developments in Providence is substantial. These projects can maximize land use efficiency by combining various functionalities within a limited space, catering to the diverse needs of the population. By creating vibrant community hubs, mixed-use developments can enhance the local economy, attract new residents and businesses, and improve the overall quality of life. They can also address housing shortages by providing residential units in conjunction with commercial and public spaces, thereby supporting the city's growth and economic vitality.

Constraints. Despite the promising opportunities, mixed-use developments come with several constraints. Higher development costs are a significant barrier, as these projects often require substantial upfront investment for construction, infrastructure, and amenities. Additionally, the complexity in planning and execution can pose challenges. Mixed-use developments require coordination between various stakeholders, including developers, city planners, and community members, to ensure that the project meets regulatory requirements and addresses the needs of the community. These projects also tend to have longer timelines, which can affect financial feasibility and investor interest. Moreover, community resistance and concerns about gentrification can also pose significant challenges, requiring developers to engage in thorough community consultations and transparent planning processes.

Public and Community Spaces

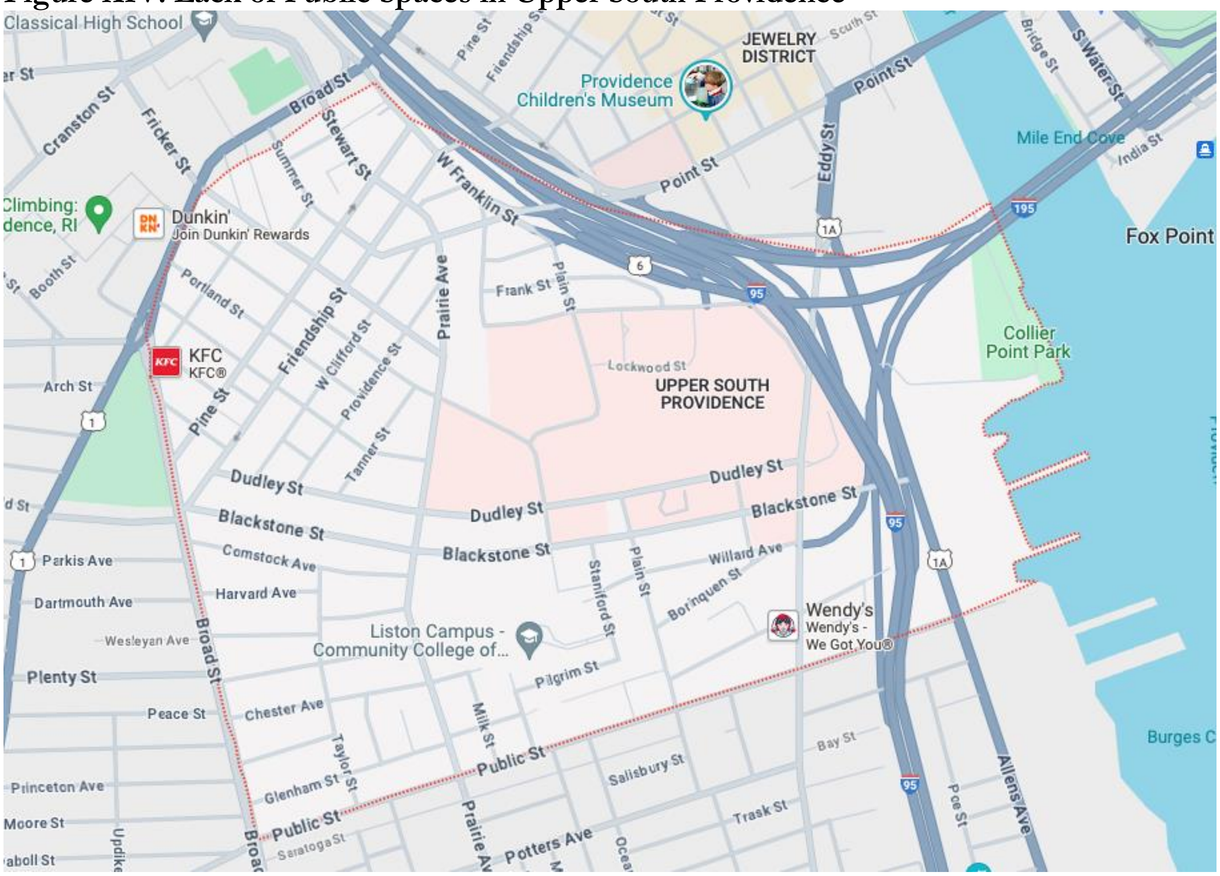
Demand. There is a growing demand to turn the space into a memorial or a remembrance site for the former Urban League. This reflects the community's desire to honor the historical significance of the site and preserve its legacy. Such a development would not only serve as a tribute to the past but also provide a meaningful space for reflection and education about the contributions and history of the Urban League. This demand is notable as community members have actively participated in public meetings advocating for it.

Figure XIII: Entrance of the Former ULRI Site

Source: Providence Preservation Society

Supply. The supply of existing public spaces in Providence is limited, creating an opportunity for the development of new community centers or educational facilities. The scarcity of these amenities means that many residents lack access to quality spaces for social interaction. For instance, Upper South Providence fewer parks and public gathering spaces compared to the northern parts of the city. By addressing this gap, new developments can provide essential services and create welcoming environments that serve as focal points for community life. This shortfall in supply underscores the potential benefits of investing in public space development to enhance the urban experience for all residents.

Figure XIV: Lack of Public Spaces in Upper South Providence



Source: Google Maps

Opportunities. Developing public and community spaces in Upper South Providence presents numerous opportunities. These projects can significantly enhance community engagement by providing venues for local initiatives, cultural events, and recreational activities. For example, the redevelopment of the Providence Riverwalk is a prime example of how such projects can transform underutilized areas into vibrant public spaces. Improved public spaces can also support educational programs, promote health and wellness, and foster a sense of belonging among residents. Additionally, well-designed parks and community centers can attract new residents and businesses, contributing to the economic vitality of the area.

Figure XV: Providence Riverwalk

Source: Larry Rodda

Constraints. Despite the clear benefits, several constraints must be considered when developing public and community spaces. Securing adequate funding is often a primary challenge, as these projects typically require significant financial investment. In Providence, the availability of state and local funding can be inconsistent, and competition for grants is high. Land allocation can also pose difficulties, particularly in densely populated urban areas where available land is scarce. For example, the redevelopment efforts in the Jewelry District have faced challenges due to limited open space and the need for environmental remediation. Furthermore, the ongoing maintenance and operational costs of public spaces must be accounted for to ensure their sustainability and continued success. Effective planning and collaboration among stakeholders, including local government, community organizations, and private investors, are essential to overcome these challenges and realize the full potential of public space developments.

Discussion

Development Constraints

Zoning and regulations. Existing zoning laws and regulations in Providence can significantly impact the types of developments that are permissible. These laws often dictate the allowable uses of land, building heights, density, and other factors that shape the development landscape. The ULRI site is currently zoned for heavy commercial (see Figure VII), and developers may need to seek rezoning or variances to pursue certain projects, adding complexity and potential delays to the development process.

Financial feasibility. One of the constraints to development is financial feasibility. High initial costs for construction and related expenses can pose significant barriers to project initiation. Access to financing is crucial, and developers must often secure funding from multiple sources, including private investors, banks, and public funding programs. The ULRI site, for instance, may require additional investments for site preparation and infrastructure improvements, further increasing costs. The economic viability of projects is also a critical consideration, as developers need to ensure that the projected returns justify the investment. Market conditions, interest rates, and financial incentives play a crucial role in determining the feasibility of development projects.

Infrastructure needs. Upgrading existing infrastructure to support new developments may require substantial investment. Providence's infrastructure, including transportation networks, utilities, and public services, must be capable of accommodating increased demand resulting from new developments. The ULRI site, located in South Providence, may require significant upgrades to utilities and roadways to support new residential, commercial, or mixed-use developments. Ensuring that the infrastructure can support additional residential, commercial, and mixed-use projects often necessitates significant enhancements and modernizations. These upgrades can be costly and require coordinated efforts between developers and public agencies to secure funding and implement improvements.

Development Opportunities

Community growth. Providence's growing and diverse population presents a strong market for residential, commercial, and mixed-use projects. The demographic trends indicate a rising demand for housing, retail, and community spaces that cater to a variety of needs. The ULRI area has seen a 14 percent population growth over the past 15 years (see Figure IV), highlighting the need for additional housing and community services.

Economic improvement. Rising household incomes and decreasing poverty rates in Providence (see Figures VIII and IX) indicate a positive economic environment conducive to development. As the local economy strengthens, there is increased demand for high-quality housing, retail, and office spaces. Economic improvements also enhance the financial viability of development projects, as higher incomes can translate to greater purchasing power and the ability to support higher rents or property values.

Stakeholder support. Engaging with stakeholders, including community members, local businesses, and local officials, can provide valuable insights and foster support for development projects. Effective stakeholder engagement ensures that developments align with community needs and priorities, which can reduce opposition. For the ULRI site, extensive community engagement has revealed strong support for preserving the site's historical significance.[13] Collaborating with stakeholders can also help identify potential challenges early in the process and generate innovative solutions that benefit all parties involved.

Urban development initiatives. Leveraging city and state urban development programs and incentives can support the feasibility of development projects in Providence. Various initiatives, such as tax incentives, grants, and low-interest loans, are available to encourage investment in targeted areas. The Providence Redevelopment Agency's acquisition of the ULRI property in 2022 exemplifies the city's commitment to revitalizing underdeveloped areas through strategic initiatives. These programs aim to stimulate economic growth, revitalize underdeveloped neighborhoods, and promote sustainable development practices. By taking advantage of these initiatives, developers can offset costs associated with potential projects.

Conclusion

Based on the comprehensive market analysis, it is evident that the ULRI site at 246 Prairie Ave presents significant opportunities for various development projects, despite some challenges. The strong housing demand, economic growth, and community engagement underscore the potential for residential, commercial, and mixed-use developments. However, constraints such as zoning laws, financial feasibility, and infrastructure needs have to be navigated. The community's desire for a memorial space highlights the importance of honoring the site's historical significance. Balancing market realities with community aspirations will be key to the successful revitalization of the site.

[1] The information from this section were sourced from: Miguel Youngs, "Urban Renewal and Rhode Island: A Complicated History," Rhode Island Historical Society, https://www.rihs.org/encompass-a-digital-sourcebook-of-rhode-island-history/encompass-chapters/african-american-civil-rights-in-rhode-island/primary-sources/photograph-of-lippitt-hill-redevelopment-project/; "Urban League of Rhode Island Building," Providence Preservation Society, https://guide.ppsri.org/property/urban-league-of-rhode-island-building; "What's next for the former Urban League Property," City of Providence, https://www.providenceri.gov/planning/246-prairie-ave/.

[2] For more information, see: "FHFA House Price Index," Federal Housing Financing Agency, https://www.fhfa.gov/data/hpi.

[3] "All-Transactions House Price Index for Providence-Warwick, RI-MA (MSA)," Federal Reserve Economic Data, https://fred.stlouisfed.org/series/ATNHPIUS39300Q.

[4] "Providence, RI," Realtor.com, https://www.realtor.com/realestateandhomes-search/Providence_RI/overview.

[5] "Housing Inventory: Median Days on Market in Providence County, RI," Federal Reserve Economic Data, https://fred.stlouisfed.org/series/MEDDAYONMAR44007#.

[6] "Providence," Data Commons, https://datacommons.org/place/geoId/4459000.

[7] Analysis of Census ACS data.

[8] Analysis conducted by Harvard Kennedy School students in Spring 2024.

[9] "Vacancy rate in real estate: What is it and how does it work? " Chase Bank, https://www.chase.com/personal/mortgage/education/finding-a-home/vacancy-rate.

[10] "Estimate of Median Household Income for Providence County, RI," Federal Reserve Economic Data, https://fred.stlouisfed.org/series/MHIRI44007A052NCEN.

[11] "Unemployment Rate," Federal Reserve Economic Data, https://fred.stlouisfed.org/series/UNRATE#.

[12] "246 Prairie Avenue," Walk Score, https://www.walkscore.com/score/246-prairie-ave-providence-ri-02905.

[13] Information gleaned from city officials.