Brownfields: Current Trends and Recent Innovations

Charlie Bartsch
Vice President/Senior Fellow – ICF International

Point of Place Summit 2008
Providence, Rhode Island – May 2, 2008
Current National Trends in Brownfields

Financing
- State efforts evolving, creativity increasing
- Small projects becoming more viable, and small project successes more common
- Federal incentives increasingly connected with state and local incentives to maximize leverage

Technical/process
- State VCP role growing, becoming more prominent
- ICs, risk-based cleanups used to reduce project cost
- Innovative technologies more widely integrated

Overall --
- Brownfield process is being enhanced as technical and economic development strategies become more complimentary
Financing – state efforts evolving, more states promoting the Pink Floyd strategy

Money, it’s a crime.
Share it fairly but don’t take a slice of my pie.

B’F Translation – It’s all about leveraging…
Creatively using development and environmental programs to meet the range of site redevelopment needs, attract private financing for –
• assessment, clean up, demolition, renovation, ICs, marketing, upgrades, preparation, etc.

Animals, 1977
Tax Credits, Abatements, Incentives

Offered by 22 states, including –

• deferral of increased property taxes — Connecticut and Texas

• remediation tax credits – Illinois and Wisconsin

• cancellation of back taxes — Wisconsin and Massachusetts

• rebates of sales taxes to offset cleanup costs – New Jersey

• tax incentive “menu” -- Missouri

• environmental insurance tax credit – New York
Targeted Financial Assistance

Offered in 19 states, including –

- Indiana’s forgivable remediation loans, newly expanded to petroleum sites
- Florida’s tax “bonus refund” pegged to job creation
- Florida’s low-interest loans for contractor/tax lien purchases
- Massachusetts, Wisconsin’s insurance subsidies
- Michigan’s Brownfield Redevelopment Authorities
- Kansas’s focus on agricultural-related contaminants
Direct Financing Assistance

Offered in 13 states, including –

- low interest cleanup loans — Delaware, Indiana, and Wisconsin
- remediation grant funds — New Jersey, Minnesota
- state revolving loan or redevelopment funds — Indiana, Michigan, Wisconsin, and Massachusetts
- ‘just in time” Phase II site assessment program – Indiana
- targeting state clean water RLF to brownfield site cleanup – Maine, New Mexico, New York, Ohio
Mechanisms to break the process log-jam

- Florida offers low-interest loans to redevelopment agencies and non-profit corporations to purchase contractor liens, tax certificates, and similar claims, to move properties, expedite reuse
- Abandoned factory to call center -- Clearwater
Tax incentives to attract private capital

- Wisconsin allows new owners, working thru VCP, to have back taxes waived, expedite transfer of tax delinquent properties, to level the playing field and attract new investors
- Gas station to coffee shop -- Milwaukee
Assignable, transferable, marketable tax credits to encourage cleanup and reuse

- Massachusetts’ Brownfield Credit for Rehabilitation of Contaminated Property; up to 50% credit against cost of environmental response and removal; can be combined with other state brownfield programs

- Wire fabricator to printing/graphics plant -- Dorchester
Filling time-sensitive financing gaps

– Delaware’s Phase II site assessment matching grants, offering $100,000 grants to expedite economic development or mixed-use projects

– Riverfront warehouse/chemical/industrial dump site into residential/commercial complex – Wilmington

![Image: Christina Landing Site Plan]
Revamping traditional development entities to focus on brownfield reuse

- Michigan has created a special category of development authority
- Cities, towns and counties can establish “brownfield redevelopment authorities”
- Exercise traditional development authority powers: expedited title clearance, TIF and bond financing; eligible applicants for other federal programs
Missouri’s Incentive “Diner” – Going a la carte for the full cleanup “meal”

• Missouri Brownfield Redevelopment Program
  – Offers loans, loan guarantees, for properties abandoned or underused for at least 3 years
  – Menu of jobs, investment, and property tax credits, up to entire amount of cleanup

• Abandoned rail roundhouse complex to office park and small business incubator
State Financing Innovations –
Highlights of Emerging Initiatives: 2007

- Expanded tax incentives for affordable housing on brownfield sites (FL)
- Brownfield TIF guarantees (PA)
- Remediation assistance for current owners of contaminated properties (CT)
- Assignable/transferable remediation/rehabilitation tax credits (MA, MI)
- Remediation tax credits in new “Rivers Edge Redevelopment Zones” (IL)
- Advantageous taxation of brownfield property improvements (NC)
From the Technical/Process Side: Increasingly, VCPs a Key Redevelopment Facilitator

- VCP process certainty brings comfort and closure – to owners and lenders
- VCP assurances increase willingness of developers to consider contaminated sites, innovative technologies, and institutional controls -- all of which encourage them to go forward with redevelopment
- VCPs foster state and local redevelopment partnerships
Technical and economic development strategies are becoming more complementary

- By promoting the use of cost-cutting innovative cleanup technologies
- By helping site owners initiate institutional or engineering controls that reduce site prep costs
- By providing specific tools and an overall climate that allows for better management of risk
Downtown retail, Williamsport, PA

Innovative technologies

• former airplane engine factory, abandoned nearly 50 years, with groundwater contamination that proved too costly to treat by conventional means
• state VCP worked with developer to identify innovative cleanup technology – molasses injection -- that would work within standards of VCP
• Now…retail complex and parking facility
California Speedway – Fontana, CA

**Institutional controls**

- Speedway on a portion of 23-acre former Kaiser Steel Mill site (from 1942 to 1983)
- Work with state DTSC, raceway, interior facilities used as an environmental cap, saving $ hundreds of thousands in cleanup costs – plus greenfields
- *Now…* California Speedway
- In 2006, Speedway generated $12.5 million in economic activity, $2.5 million in new tax revenues and supported 1,200 jobs
Victor Building – Camden, NJ

Cost saving technical assistance and project support

- Abandoned former RCA Victor Building on Camden’s waterfront, with pervasive PCBs
- Site intended for residential re-use; challenge was keeping $7 million cleanup manageable
- NJDEP provided t.a. to developer – on remedial and monitoring applications, ICs, entombment of residual PCBs – strategies that allowed cleanup and redevelopment to go forward concurrently, with big cost savings
- Now… $60 million private investment in 341 units, 1st market rate housing built in Camden in 40 years, landmark “Nipper Tower” saved
Visitor Center – Rosalia, WA

Unconventional public-private partnerships can stimulate site reuse how and where you’d least expect it…

• 1923 vintage Texaco gas station, in downtown Rosalia, WA (pop. 600) converted to “gateway” retail and visitor center
• First-ever partnership with a state Dept. of Corrections
Thank you!

If you have questions…
If you need additional information…
If you want just the facts…

Charlie Bartsch
cbartsch@icfi.com
(202) 862-1134

and starting Monday…
Starting May 5…

www.icfi.com/brownfields

Thoughts and guidance on the environmental, financial, legal, and social aspects of brownfield revitalization from ICF International

Coordinated by Charlie Bartsch, ICF’s brownfield expert