

Population ≠ Success: Resources for Brownfields In Smaller Communities

NO TRESPASSING

**Resources for Economic Redevelopment
for Your Community**

Escanaba, MI September 21, 2011

Terracon

Geotechnical ■ Environmental ■ Construction Materials ■ Facilities

Putting Pieces Together



- Today ...
 - A few traditional funding programs we routinely see used on Brownfields projects
 - A few non-traditional resources for Brownfield projects
 - An outside perspective, a few examples of Brownfields resources that smaller cities and communities have put together

What about smaller communities?

- Any community, even the smallest rural area, can face brownfield issues that may impede local development efforts.
- The question here is ... can they identify, combine and leverage \$\$\$ to achieve brownfield success?
- If they can, do they?



Competition Misconceptions

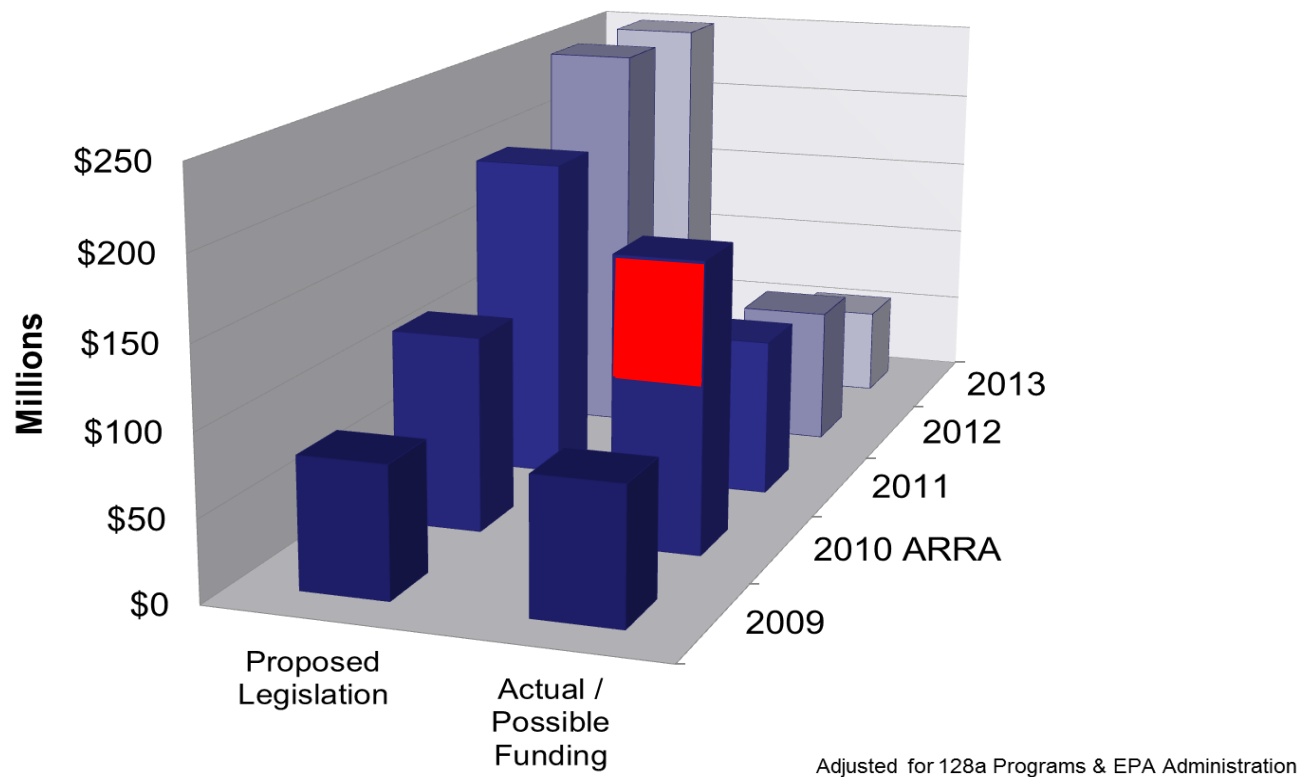
- Misconception that smaller cities cannot win in open competition, they have too little resources
- Misconception that until now grant funding has dropped drastically, due to influx of ARRA in 2010

	Assessment	Cleanup	Cleanup RLF
2008	188	90	13
2009	195	112	12
2010	252	117	20
2011	193	97	17

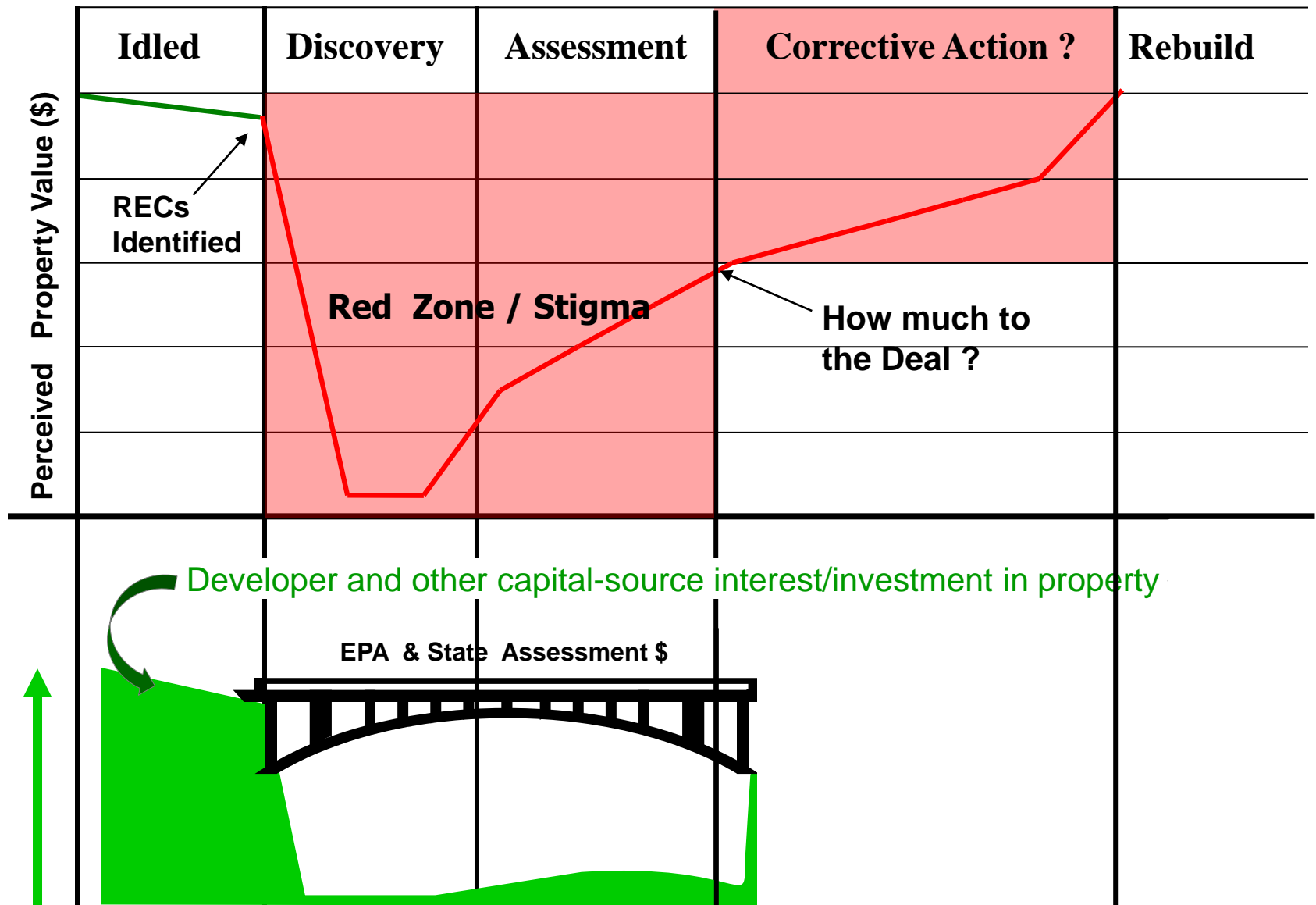
- Misconception that mostly cleanup grants were funded the past couple of years
 - As you heard, things are changing ...

Grant Application Process

A glimmer of hope?



Agency Brownfield Funds As A Bridge, They Do Not Carry Brownfields Redevelopment



Non-EPA Funding Used to Finance Brownfield Reuse

■ Loans

- EDA capital for local revolving loan funds
- HUD funds for locally determined CDBG loans and “floats”
- EPA capitalized revolving loan funds
- SBA’s microloans
- SBA’s Section 504 development company debentures
- EPA capitalized clean water revolving loan funds (priorities set/ programs run by each state)
- HUD’s Section 108 loan guarantees
- SBA’s Section 7(a) and Low-Doc programs
- USDA business, intermediary, development loans
- DOT (various system construction, preservation, rehabilitation programs)
- Army Corps of Engineers (cost-shared services)
- USDA community facility, business and industry grants

■ Equity capital

- SBA Small Business Investment Cos.

■ Tax incentives and tax-exempt financing

- Targeted expensing of cleanup costs
- Historic rehabilitation tax credits
- Low-income housing tax credits
- Industrial development bonds
- Energy efficiency construction credits

■ Tax-advantaged zones

- HUD/USDA Empowerment Zones
- HUD/USDA Enterprise Communities

■ Grants

- HUD’s Brownfield Economic Development Initiative (BEDI)
- HUD’s Community Development Block Grants (for projects locally determined)
- EPA assessment, cleanup grants
- EDA public works and economic adjustment

HUD Supported

Entitlement and State/Small Cities CDBG Programs

- Cities over 50,000 people get annual formula allocations
- Each state gets an annual funding allocation from HUD to meet small cities' (less than 50,000 population) community development needs
- CDBG funds must meet one of HUD's 3 broadly defined program objectives:
 - addressing the needs of low- and moderate-income people (at least 51% of funds)
 - addressing slums and blight
 - meeting an urgent community need

CDBG Eligible Activities

That Link Directly to Brownfield Needs

- Demolition and removal
- Rehabilitation of public and private buildings
- Planning
- Construction or reconstruction of infrastructure, neighborhood centers, recreation/public works facilities
- Can include coping with contamination as part of site preparation or infrastructure development
- Can be lent to private companies in some circumstances
- For the state/small cities program –
 - Each state sets its own project funding priorities, defines its own program requirements, within these objectives and activities

CDBG can be very small ...

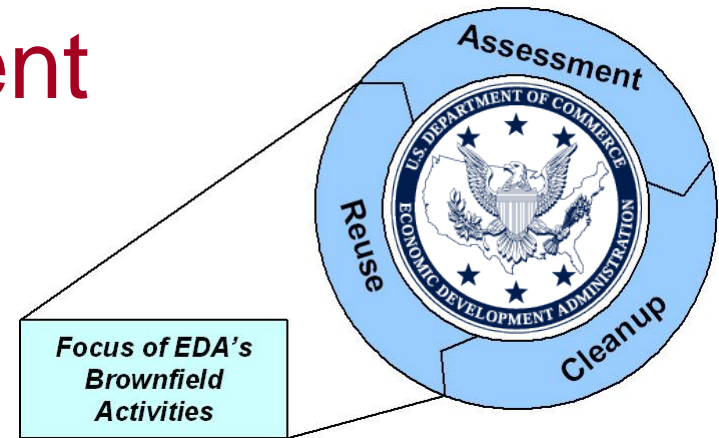
Small Business Incubator, Walthill, NE

- Population 800
- HCCDC Business Center Building Renovation
- Renovated and modernized former 4,000 SF former electric power plant site, built in 1910, abandoned 20+ years
- Project Cost \$430,000
- Financing included –
 - \$105,000 in state small/cities CDBG
 - \$150,000 local sources

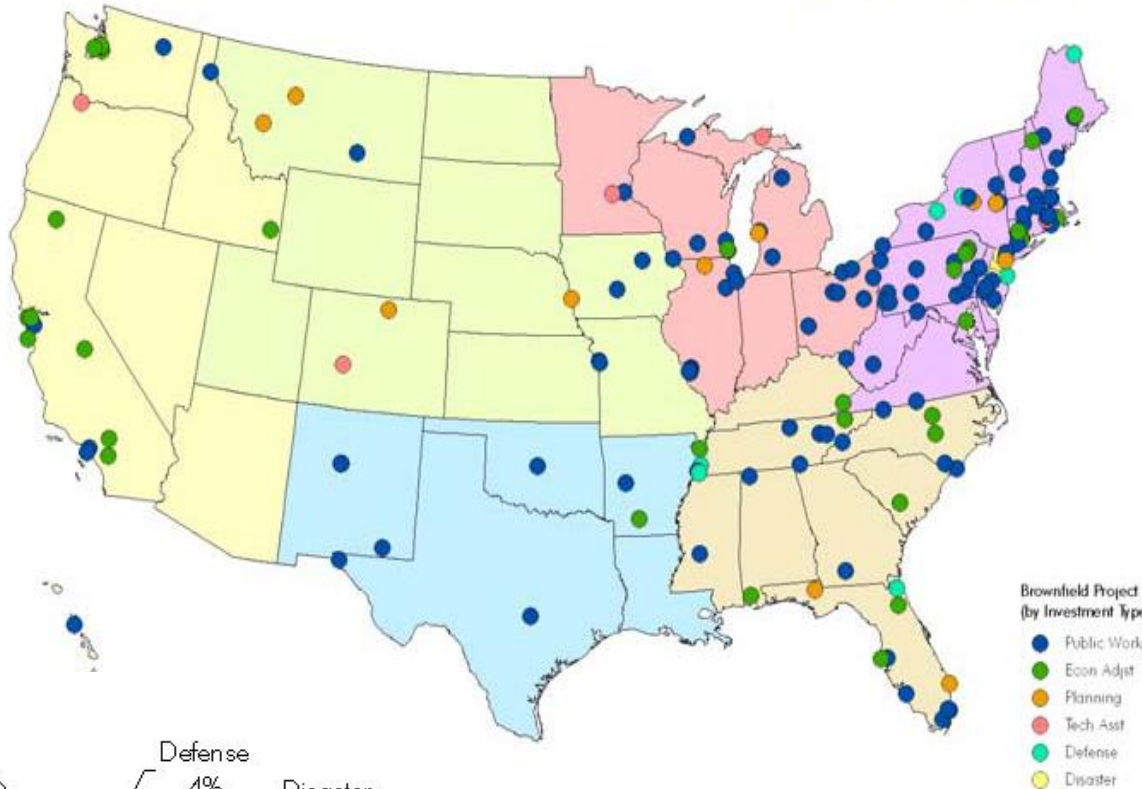


Economic Development Administration (EDA)

- EDA typically puts 50%+ of its resources into small/mid-sized towns and rural areas
- Key EDA related programs and initiatives include:
 - Public works grants finance industrial development site and infrastructure preparation
 - Economic dislocation program capitalizes RLFs for distressed areas
 - Rural planning to support revitalization, through EDDs
 - Key EDA eligibility factor – high relative unemployment rate

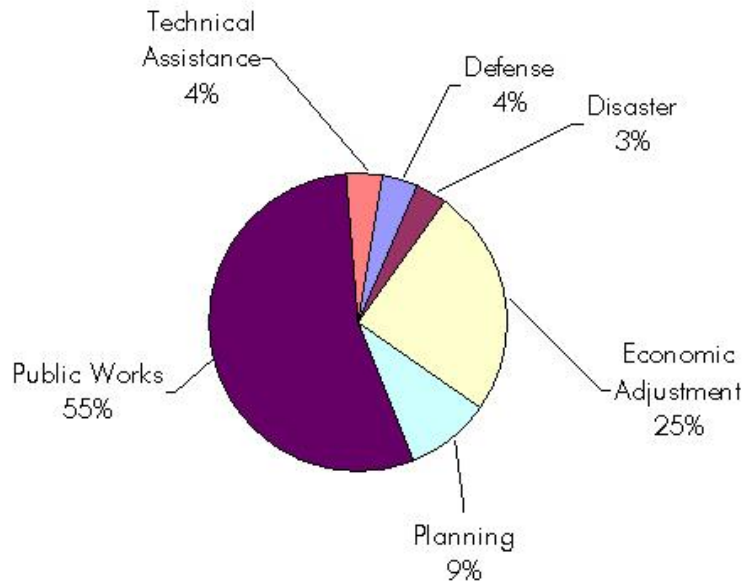


EDA Brownfield Redevelopment Projects



Brownfield Project
(by Investment Type)

- Public Works
- Econ Adjust
- Planning
- Tech Asst
- Defense
- Disaster



EDA Planning

Cimarron Center, Sand Springs, OK

- Former zinc smelter, abandoned rail spur in small Oklahoma town
- Challenge was structuring a cleanup plan that made the site competitive with nearby greenfield for big-box retail
- Financing included EDA planning resources, local TIF
- Leverage -- Cimarron Center, with Wal-Mart Supercenter as anchor, has created 350 new jobs, added \$3.5 million in annual city sales tax revenues



USDA-RD Funds

Supporting Brownfield Redevelopment

- Eligible activities can include:
 - Planning for redevelopment or revitalization – for businesses and community facilities (which could include brownfield projects)
 - Site clearance/preparation, including demolition – key brownfield reuse/redevelopment activities
 - Rehabilitation/improvement of sites or structures – which might need to include removal or remediation of contamination as part of project
 - Construction of real estate improvements
 - Installation of amenities to enhance development

Potosi Brewery, Potosi, WI

- Brewery built 1852 in Potosi (700), abandoned 1972. Asbestos, lead paint, other contaminants
- \$3.3 million guaranteed loan key to securing additional \$4.2 million in financing
- Transformed Potosi's main street; community involvement key
- Result: Refurbished as micro-brewery, brewing museum and library, opened June 2008



- 50 new jobs, 4 new beers

Transportation Programs



- In March 2009, DOT re-affirmed its brownfield policy
 - Transportation funding can be used for cleanup at sites integral to transportation system development/upgrades
- Must work through state / local transportation agencies
- DOT highway/transit construction programs can support related revitalization by:
 - helping upgrade existing facilities
 - offer transportation amenities that improve access to and marketability of Brownfield sites
 - fund facilities and structures that serve as part of the remedial solution

Arterial Road Installation

The Quarter, East Moline, IL

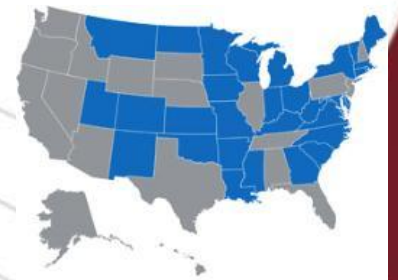


- Population ~20,000
- Brownfield Funding
 - EPA Pilot Assessment, \$200,000
 - EPA Supplemental Pilot, \$150,000
 - State Program Grant, \$120,000
 - State Program Grant, \$120,000
 - ~\$600,000 Corps of Engineers Public Assistance to States
 - \$3.2MIL DOT roadway grant gave critical gateway access



Historic Preservation Tax Credits

- **Federal Tax Credits for Historic Properties**, 20% of eligible costs of certified historic projects, 10% for buildings built before 1936.
 - The resource is located in a locally designated historic district
 - The resource is listed individually, or is part of a historic district listed in the State Register of Historic Sites or the National Register of Historic Places
 - The resource is listed individually, or is part of a historic district listed in the State Register of Historic Sites or the National Register of Historic Places and is located in a chartered summer resort and assembly association
 - The resource is listed individually, or is part of a historic district listed in the State Register of Historic Sites or the National Register of Historic Places and is subject to a historic preservation easement
- The former **Michigan Historic Preservation Tax Incentives Program** provided for the combined use of federal and state credits.
 - Did not survive the 2011 budget ax



New Markets Tax Credit



- The New Markets Tax Credit Program (NMTC Program) established in 2000 to drive investment in low-income communities
 - Individual and corporate federal tax credit against for equity investments in Community Development Entities (CDEs)
 - 39% of investment amount claimed over seven years (5% first three years, 6% each remaining)
 - Competitive 2011 applications up 26%, highest ever
 - From 44 states and D.C.
 - To date 594 awards totaling \$29.5 billion in tax credit allocation

Avenue of the Arts, Grand Rapids, MI



- Arts-related mixed-use redevelopment project in an area largely abandoned since the 1950's
- Martineau Division-Oakes, 12,000-square-foot commercial space is occupied by the art department of Calvin College and a café
- 23 spaces for artists to live and work
- Once the project got off the ground, the city committed \$2 million improvements in the development's neighborhood.

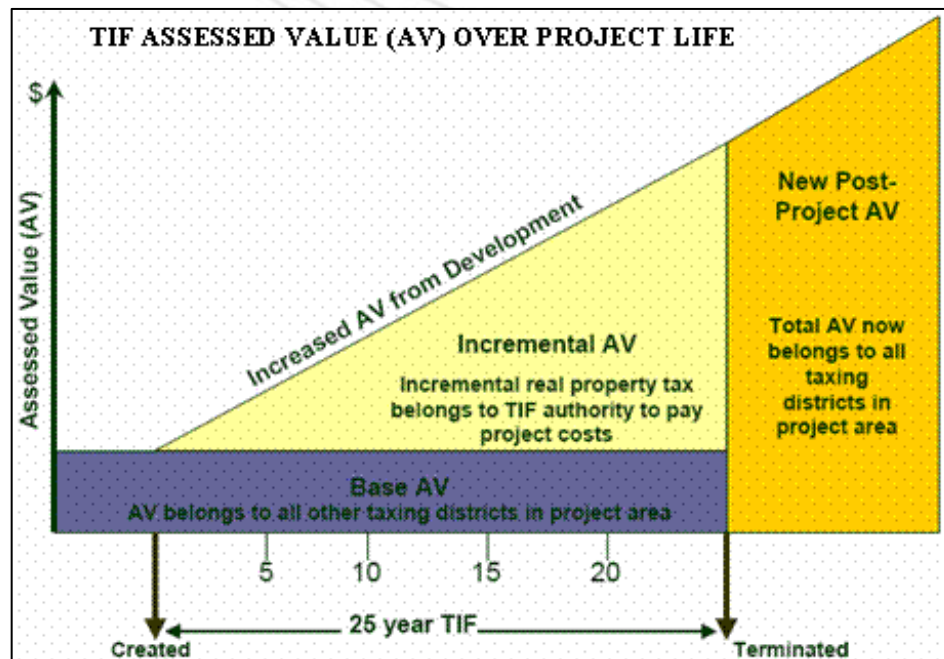
Key Elements;

- CDFI Hot Zone
 - 52% poverty rate
 - Family income 50% of area median income
- SBA Hub Zone
- NMTC \$8.7 million
- 40 construction jobs, 21 permanent jobs

Tax Increment Financing

A Local Initiative

- Uses the anticipated growth in property taxes generated by a development to finance it; most common local financing tool supporting brownfield cleanup and reuse
- Covered earlier



Tax Forgiveness

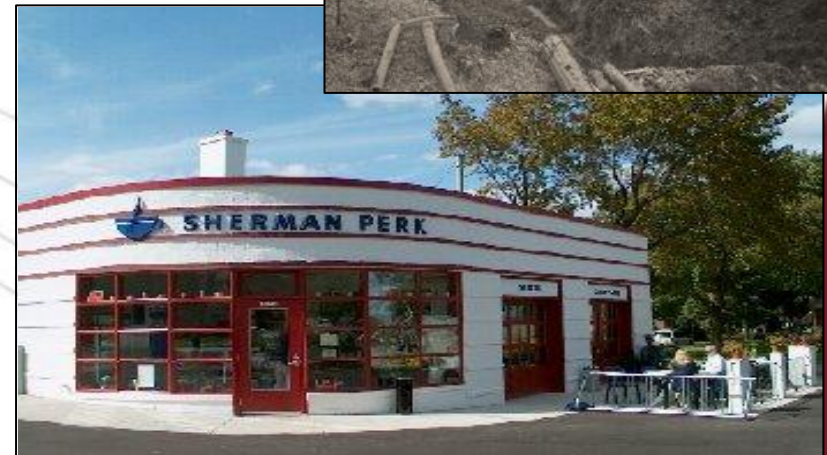
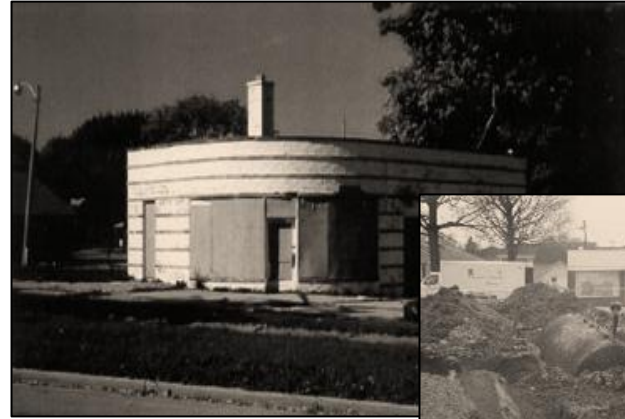
A Local Initiative



- Authorizes local governments to forgive back taxes on delinquent properties
- In a brownfield context, these new tax forgiveness programs typically:
 - Are linked to new owners or prospective purchasers
 - Require agreement to clean up and reuse site
 - Require purchaser to enter state VCP

Sherman Perk, Milwaukee, WI

- Abandoned gas station closed since 1989, petroleum issues
- Issues of financing/ addressing cost of petroleum contamination; 9 years tax delinquency
- Financing included state forgiveness of back taxes linked to VCP participation, rehabilitation tax credits
- Result -- reuse of historically significant building as successful neighborhood retail anchor



Riverfront Rail Corridor: Parks & Access

Atchison, KS Population 16,000



**Putting pieces
together ... in a hurry**

Federal DOT Congressional Earmark - through KDOT	1,000,000.00
KDOT Transportation Enhancement Program	604,821.00
Economic Development Administration	409,100.00
Kansas Dept. of Wildlife and Parks	300,000.00
HUD EDI Special Project Congressional Earmark	281,657.00
EPA Brownfields Assessment	200,000.00
Kansas Water Office	50,000.00
	<hr/>
Total Federal and State Agencies	2,845,578.00



Never underestimate pride in community

Breakdown by Source of Funding

	<u>Dollar</u>	<u>Percent</u>
Federal and State Agencies	2,845,578.00	68.4%
Private Foundations	532,500.00	12.8%
Private Citizens	447,130.00	10.7%
City of Atchison	192,322.00	4.6%
Private Businesses	143,328.00	3.4%
	<hr/>	
Total Injection	4,160,858.00	100.0%





**Independence Park
& Veterans Memorial**



MGP Ingredients Corporate Office & Technical Innovation Center
Cray Business Plaza, Atchison, Kansas

Former Industrial Park, Coralville, Iowa

Population 9,000 Start / 17,000 Today

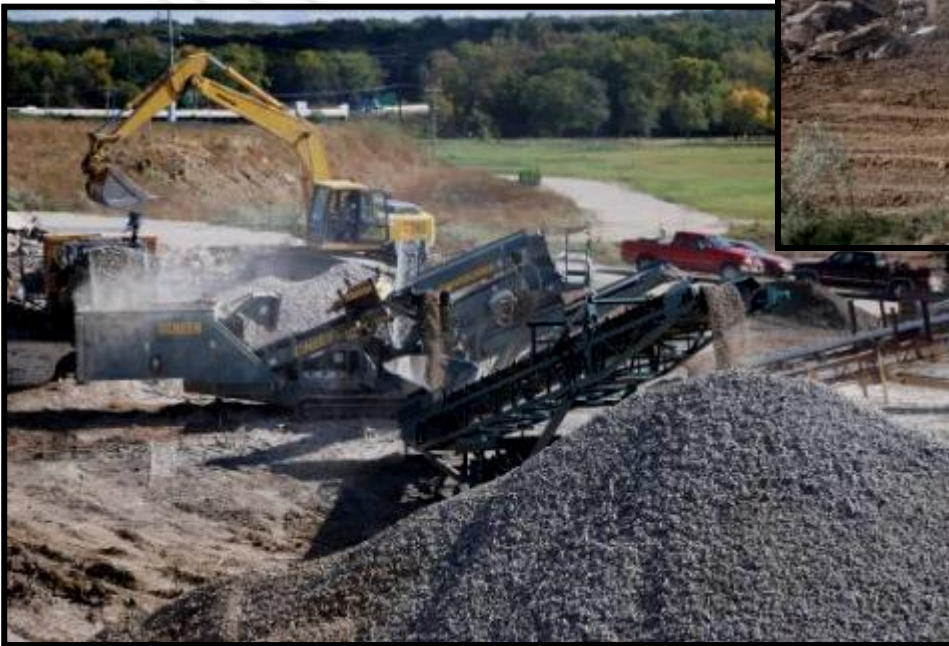


■ Brownfield-Related Funding;

- EPA Assessment Pilot, \$200,000
- EPA Supplemental, \$100,000
- EPA Supplemental, \$100,000
- EPA BCRLF, \$1MIL
- \$1.3MIL Corps of Engineers Public Assistance to States
- \$900K Insurance Archaeology
- \$80,000 PRP Archaeology
- \$497,000 Economic Development Grant
- EPA Assessment, \$375,000
- EPA Assessment, \$380,000
- EPA Assessment, \$387,000
- EPA Assessment, \$364,000
- \$4.3 MIL Grant/\$14MIL Green Infrastructure CWRLF

SMALL CITY, BIG RESOURCE INNOVATION: PROJECT-WIDE REUSE & RECYCLING

- Complete buildings recycled
- Concrete and asphalt pavements
- Recycled 80,000 cubic yards



SMALL CITY, BIG RESOURCE INNOVATION:
COMMUNITY SWEAT EQUITY
“POSITIVELY EXPLOITING CHILD LABOR”



IOWA RIVER LANDING

CORALVILLE, IOWA



Current Project Investment

- Coralville Marriott Hotel and Conference Center: \$70,000,000
- Parking ramp and lot: \$9,400,000
- Demolition: \$1,200,000
- Wetlands mitigation: \$1,440,000
- Infrastructure improvements: \$6,377,300
 - \$16MIL Green Streetscape Grant supported by EPA Brownfield grants
- River Bend commercial/residential development: \$12,000,000
- Additional \$140,000,000 redevelopment planned, \$60MIL under construction 2011
- 956 new jobs to date; 300 medical service jobs pending

Some Leveraged Benefits May Not Be Immediate



Rosalia, WA Population 600

Locally driven public-private partnerships can stimulate innovative financing in small communities

- 1923 vintage Texaco gas station, in downtown Rosalia, WA
- Abandoned 21 years; UST issues
- Site as focus of “heritage tourism” main street revitalization strategy
- Converted to “gateway” retail, craft/farmers market, visitor center for nearby Steptoe Nat’l Battlefield, national forest

Public financing sources include:

- \$33,000 USTfields pilot grant
- \$54,000 WA Dept of Ecology grant
- \$45,000 Whitman County “community development ’08” grant



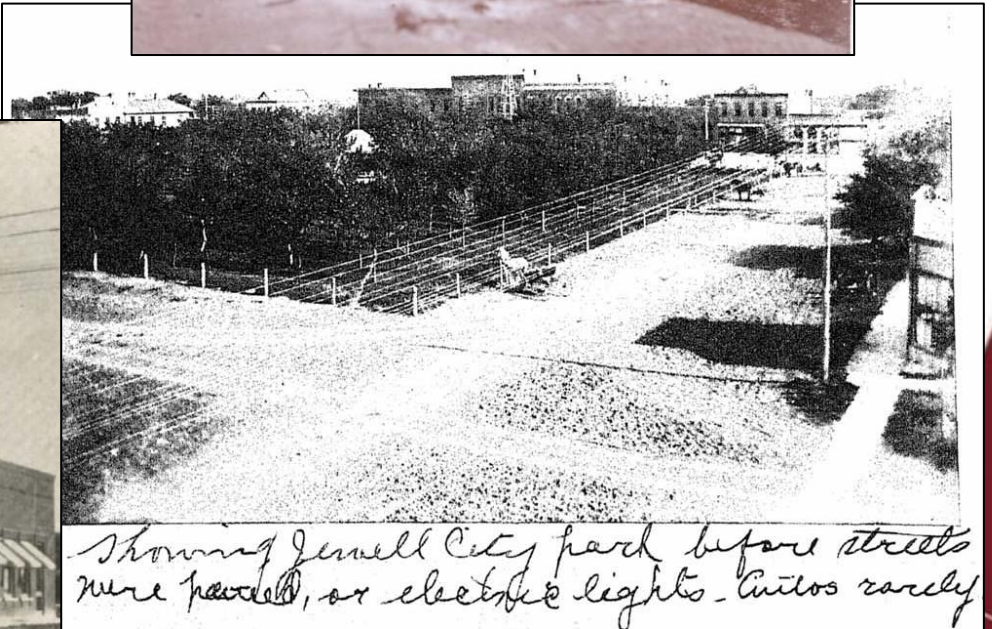
Rosalia Partners

Partner donations included:

- Development grant sharing from surrounding counties
- Rosalia Lions Club
- Rosalia “Gifted Grannies”
- Retired Texaco Executives Assn.
- Pro bono legal, remedial services
- Utility incentive rates
- Community sweat equity
- First-ever partnership with a state Dept. of Corrections



Jewell, KS Population 432



*Showing Jewell City park before streets
were paved, or electric lights. Autos rarely*

Jewell, KS Population 432



“Opportunity is not recognized by most people when they meet, because it is usually dressed in overalls and looks like Work.”

Thomas Alva Edison

QUESTION & ANSWER

Dave Koch, Senior Principal/Senior Consultant
National Brownfields Program Manager
dekoch@terracon.com