

Tried, True and Unexpected: Funding Sources for Brownfields Redevelopment

Grants Programs - Redeveloping Blighted Properties through the Brownfields Initiative
 Celebration Centre Lyons, Kansas March 6, 2012

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Geotechnical Environmental Construction Materials Facilities



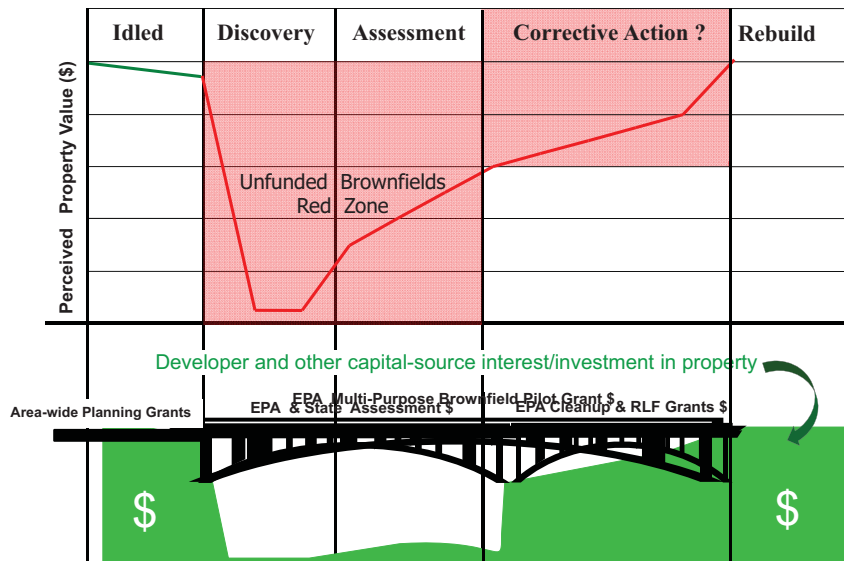
Today ...

- EPA Brownfields are not intended to carry Brownfields redevelopment, only act as a bridge
- You have heard today of local examples and resources, you'll hear some regional case histories this afternoon
- Brownfield projects that cities and communities have put together to bridge to success from different funding
 - Examples from within and outside EPA Region 7 for a little outside perspective on what others are doing
 - A few examples of diverse resources in action ... including some low cost/no cost strategies with important \$\$ impacts



As I said earlier today ...

Agency Brownfield Funds Are Merely A Bridge



RECS: ASTM E 1527-05 Recognized Environmental Conditions produce a stigma that affects property value whether impairment is real or not.

Commonly used (non-EPA) federal resources... especially in smaller communities

- HUD – CDBG
- EDA – public works, economic dislocation
- DOT – enhancement, construction, system rehab/modernization
- USDA – rural development/community facilities loans and grants
- Tax code incentives – for housing, cleanup, structural rehabilitation



Housing and Urban Development (HUD)

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



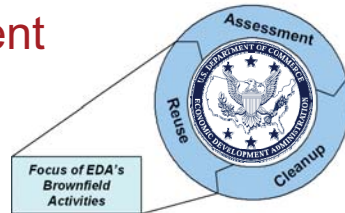
CDBG Eligible Activities

Linking 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

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



Kansas Example:

Population 16,000



Federal DOT Congressional Earmark - through KDOT	1,000,000
KDOT Transportation Enhancement Program	604,821
Economic Development Administration	409,100
Kansas Dept. of Wildlife and Parks	300,000
HUD EDI Special Project Congressional Earmark	281,657
EPA Brownfields Assessment	200,000
Kansas Water Office	50,000

Total Federal and State Agencies \$ 2,845,578



Never underestimate pride in community

Breakdown by Source of Funding

	Dollar	Percent
Federal and State Agencies	2,845,578	68.4%
Private Foundations	532,500	12.8%
Private Citizens	447,130	10.7%
City of Atchison	192,322	4.6%
Private Businesses	143,328	3.4%
Total Injection	4,160,858	100.0%

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



Independence Park & Veterans Memorial

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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

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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 awards, 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

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Arterial Access Road

The Quarter, East Moline, IL



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

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Rehabilitation Tax Credits



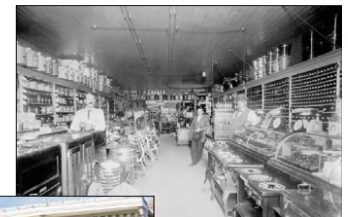
- Federal Historic Preservation Credit
 - Taken the year renovated building, in service
 - 20% credit for work done on historic structures, with rehab work certified by state
 - 10% credit for work on “non-historic” structures build before 1936; no certification required
- State Historic Preservation Credit

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Philip Hardware Store

Hays, Ellis County, Kansas

- Originally 1874 Hardware Store
- New Use: Retail/Residential
- Total Project Costs: \$424,932
 - Qualified Project Costs \$304,480
 - State Historic Tax Credits \$76,119
 - Federal Historic Tax Credits \$60,896
- Incentives Used:
 - State and Federal Historic Tax Credits
 - Property Tax Abatement
 - Heritage Trust Fund Grant



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New Markets Tax Credit

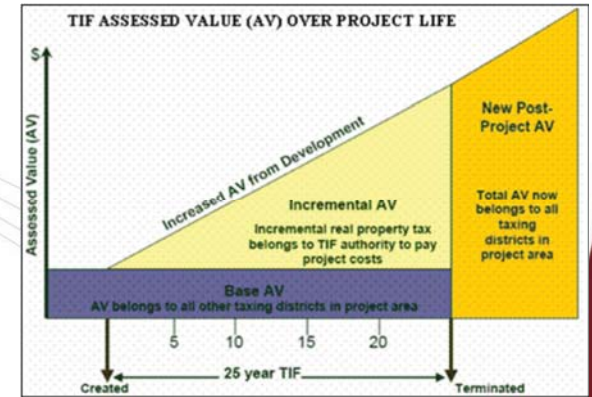


- The New Markets Tax Credit Program (NMTC Program) established in 2000 to drive investment in low-income communities
 - Individual and corporate federal tax credit for equity investments in Community Development Entities (CDEs)
 - 39% of investment amount claimed over seven years (5% first three years, 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



Tax Increment Financing A Common, 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
- Kansas adds STAR bonds, a special TIF



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, Wisconsin

- 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



Sherman Perk, Wisconsin

- Joins neighborhoods on both opposite sides of the boulevard
 - “The day it opened, my wife and I met a couple from 3 blocks over (the boulevard) we had never met ... we had both lived here for 20 years. See them once a week now and now them well”.
 - “It was a dump waiting for a mugging, I voted to tear it down ... was I ever wrong. I gave them that sign on the wall”.



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Of course, success may not improve the quality of the clientele ...

SMALL CITY INITIATIVES: SUSTAINABILITY AS A PART OF BUSINESS



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

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

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



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SMALL CITY, BIG RESOURCE INNOVATION:
COMMUNITY SWEAT EQUITY
 “EMBRACING CHILD LABOR IN A POSITIVE WAY”



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Some Leveraged Benefits
 May Not Be Immediate



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Example: Size Does Not Measure Success
 Rosalia, WA Population 600

- 1923 vintage Texaco gas station, in downtown Rosalia, WA
- Abandoned 21 years; fuel release
- 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



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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



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“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

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