



# 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

**Terracon**

Geotechnical ■ Environmental ■ Construction Materials ■ Facilities

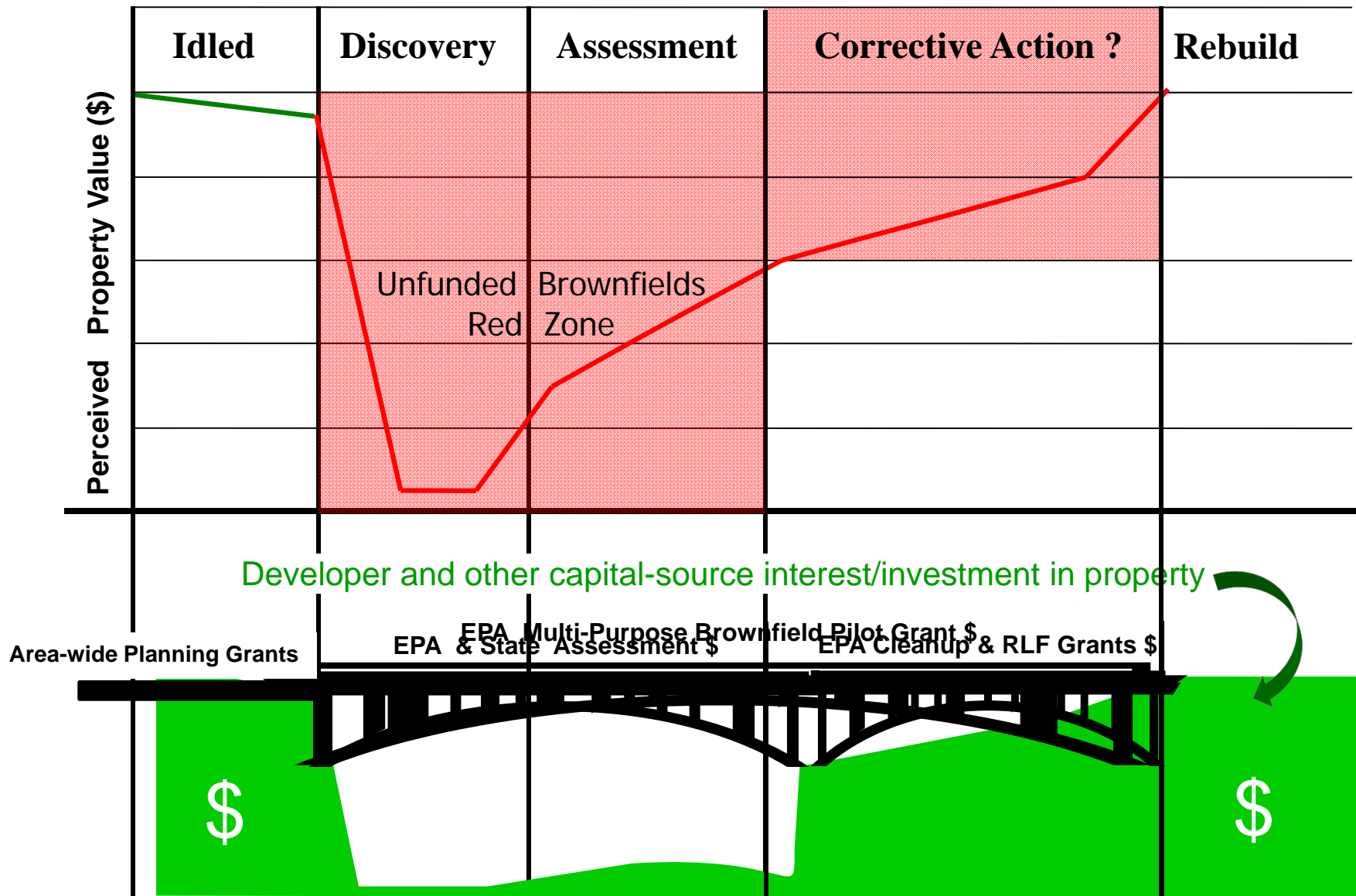
# Today ...



- 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 E1527-05 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





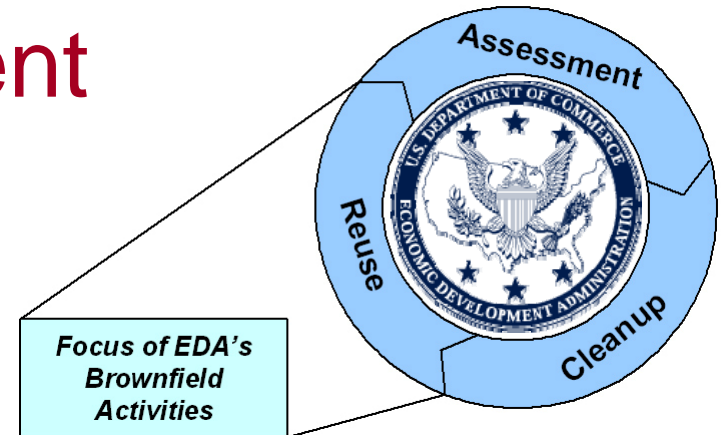
# CDBG Eligible Activities

## 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



<b>Federal DOT Congressional Earmark - through KDOT</b>	<b>1,000,000</b>
<b>KDOT Transportation Enhancement Program</b>	<b>604,821</b>
<b>Economic Development Administration</b>	<b>409,100</b>
<b>Kansas Dept. of Wildlife and Parks</b>	<b>300,000</b>
<b>HUD EDI Special Project Congressional Earmark</b>	<b>281,657</b>
<b>EPA Brownfields Assessment</b>	<b>200,000</b>
<b>Kansas Water Office</b>	<b>50,000</b>
	<hr/>
<b>Total Federal and State Agencies</b>	<b>\$ 2,845,578</b>





## Never underestimate pride in community

### Breakdown by Source of Funding

	<u>Dollar</u>	<u>Percent</u>	
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%	←
<b>Total Injection</b>	<b>4,160,858</b>	<b>100.0%</b>	



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



Independence Park  
& Veterans Memorial

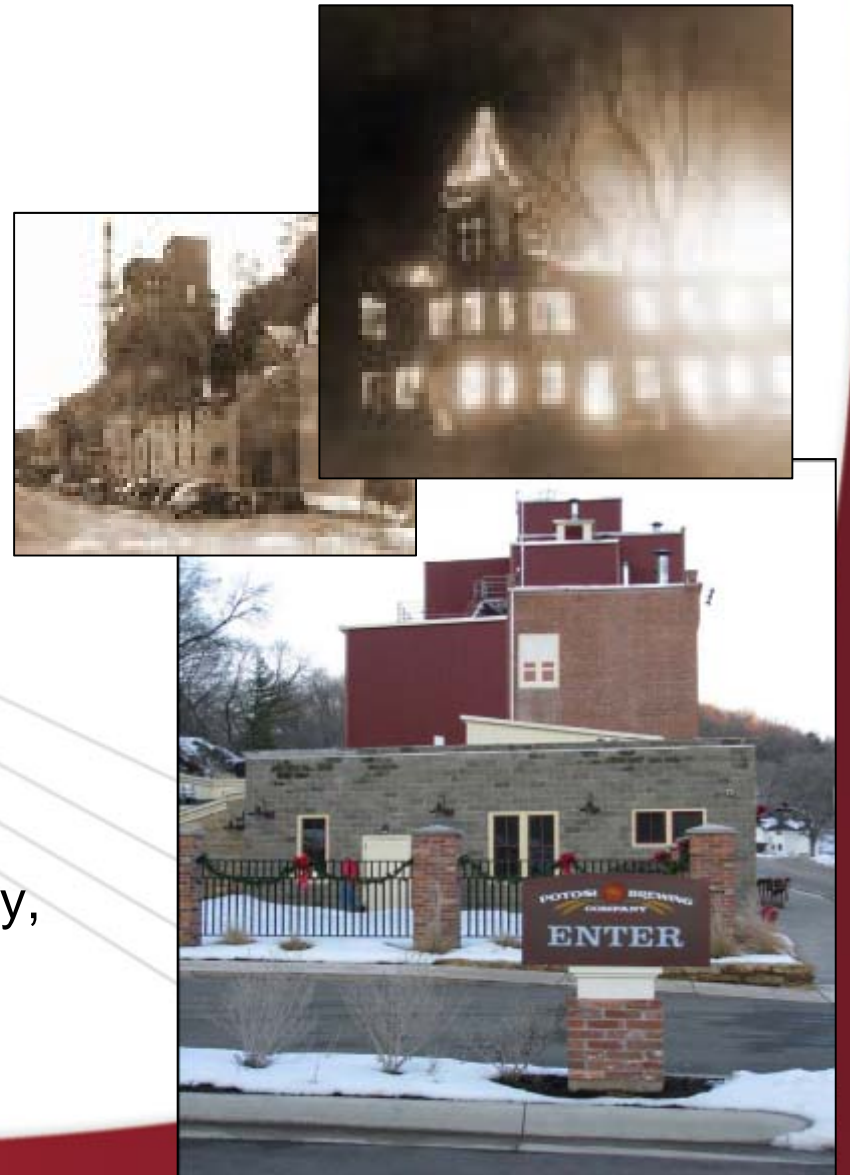
# USDA-RD Funds

## 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 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**



# 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



# 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



# New Markets Tax Credit



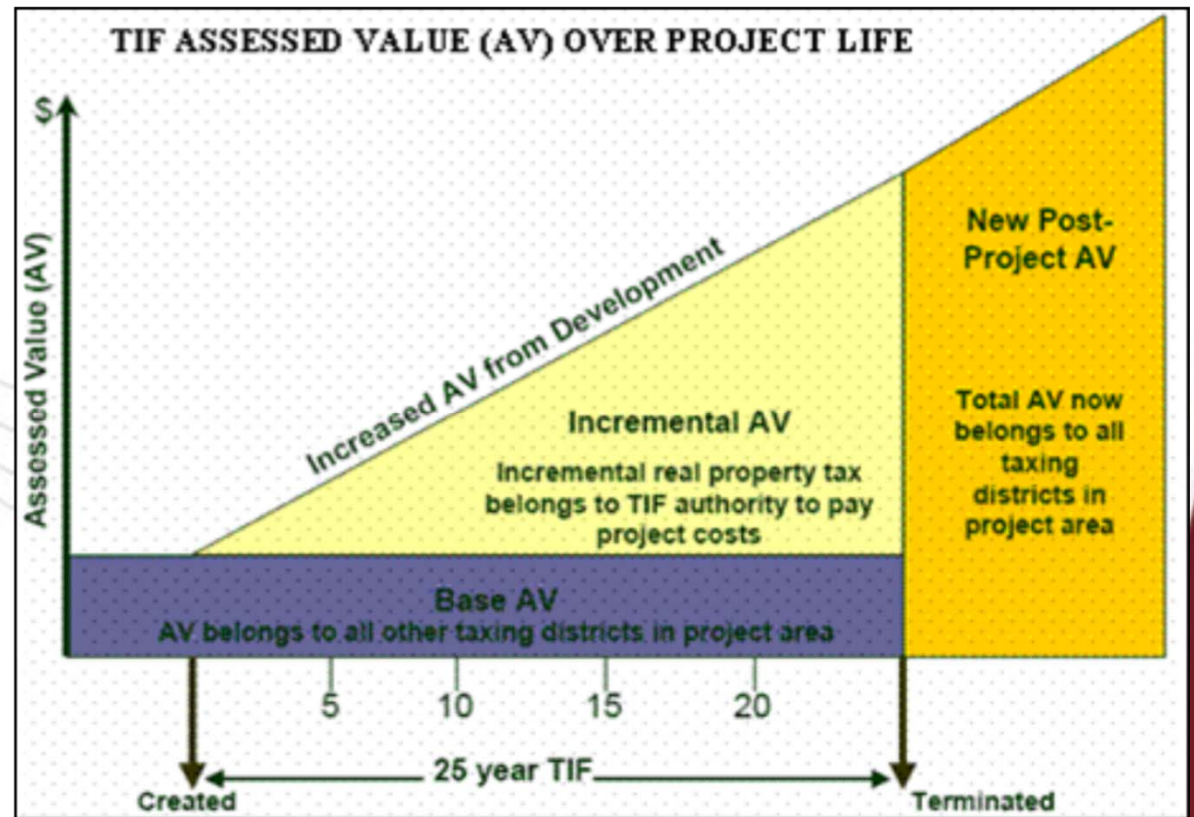
- The New Markets Tax Credit Program (NMTC Program) established in 2000 to drive investment in low-income communities
  - Individual and corporate federal tax credit for equity investments in Community Development Entities (CDEs)
  - 39% of investment amount claimed over seven years (5% first three years,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

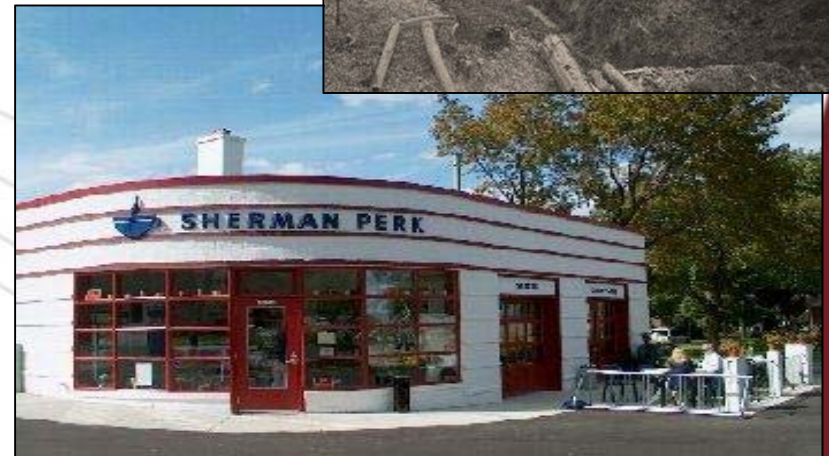
## A Local Initiative



- 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”.







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



# 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**  
“EMBRACING CHILD LABOR IN A POSITIVE WAY”



IOWA RIVER LANDING  
  
CORALVILLE, IOWA





# Some Leveraged Benefits May Not Be Immediate





# 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



# 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



**“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

**Terracon**  
A TAB/CHSR Contractor