



Mixing & Matching Resources for Brownfields Success

An Outside Perspective

Economic Redevelopment of Brownfields
Zeke Giorgi Center
Rockford, IL November 1, 2011

Terracon

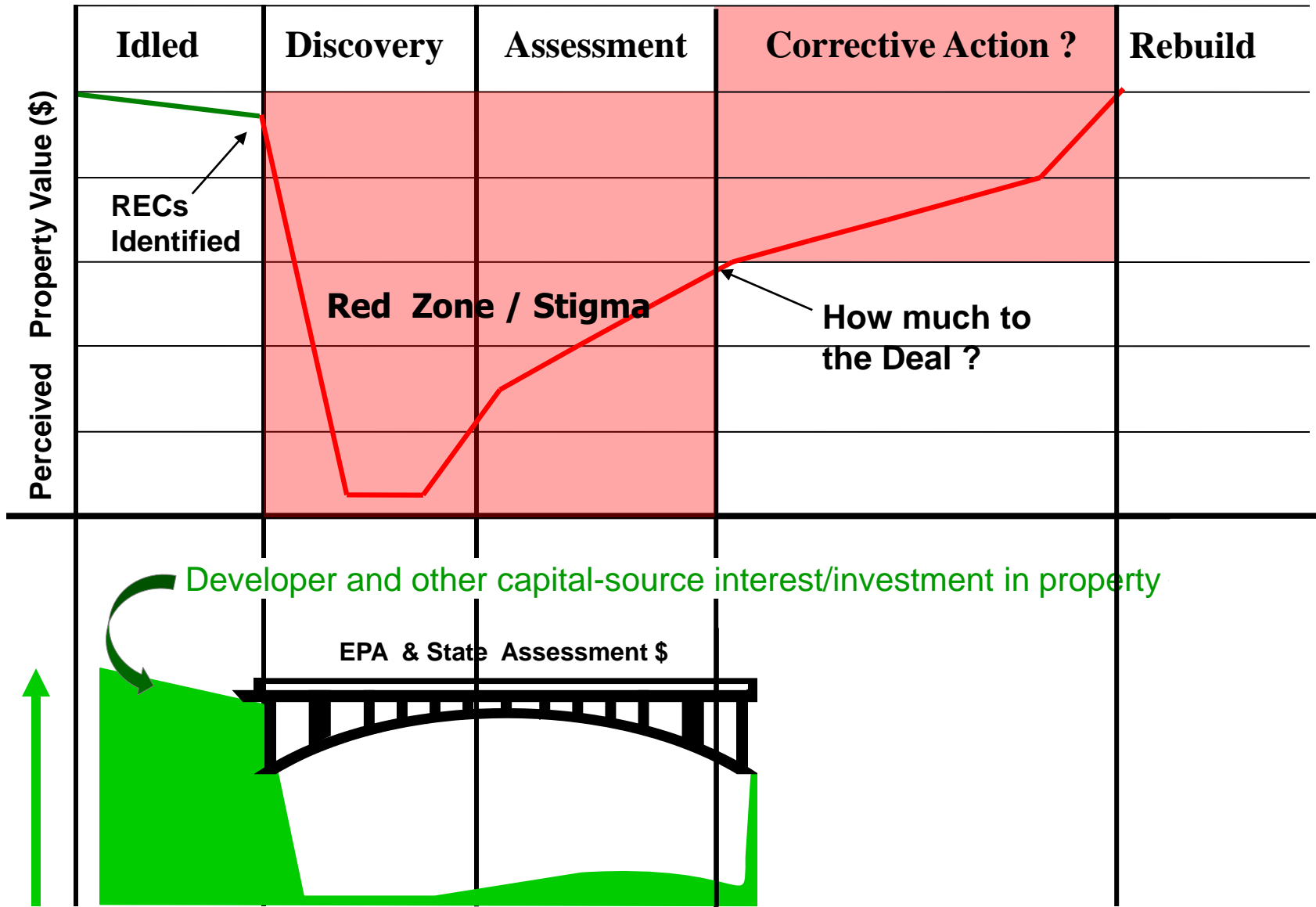
Geotechnical ● Environmental ● Construction Materials ● Facilities

Today ...



- EPA Brownfields are not intended to carry Brownfields redevelopment, only act as a bridge
- You have heard today of local examples and resources
- Brownfield projects that cities and communities have put together to bridge to success from different funding
 - Example from within and without EPA Region 5 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

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

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

- 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

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



Rockford River Edge Zone

▪ RIVER EDGE REDEVELOPMENT ZONE INCENTIVES

The River Edge Program is designed to achieve its goals through use of several incentives created by the State. Two of these - the property tax abatement and sales tax exemption - will be administered by City staff. The others involve deduction or credits that may be claimed on Illinois income taxes. We have included a brief description of each incentive here:

- INVESTMENT TAX CREDITS
- JOBS TAX CREDITS
- ENVIRONMENTAL REMEDIATION TAX CREDIT
 - Allows for a credit against state income taxes for some non-reimbursed eligible costs for remediation work done on a site in the Zone resulting in a "No Further Remediation Letter" (NFR) being issued and recorded. This requires a joint review by the Illinois Environmental Protection Agency (IEPA) and the Illinois Department of Commerce and Economic Opportunity (DCEO). The property must be in IEPA's Site Remediation Program to receive the NFR letter. The credit is 0.25 for each dollar spent for non-reimbursed remediation expenses. The credit can be transferred with the property and carried forward for 5 years. Application can be obtained from IEPA.
- DIVIDEND INCOME REDUCTION
- INTEREST INCOME DEDUCTION
- BUILDING MATERIALS SALES TAX EXEMPTION
- PROPERTY TAX ABATEMENT of 3 years

- APPLICABLE GRANTS

- The City of Rockford will be eligible for a maximum of \$2,000,000 in grant funds under IEPA's Municipal Brownfields Redevelopment Grant Program. Grant funds in excess of \$240,000 (what Rockford would normally be able to apply for) must be used for projects located in the River Edge Zone. These funds are to be used for coordination of activities related to brownfields redevelopment ranging from assessment to remediation, and including all the reporting required for these activities. These fund may only be used on projects that are publicly owned or will be acquired by the City of Rockford.
- DCEO may provide Capital Improvement Grants that can be used to reimburse the cost of bondable capital improvements needed for a redevelopment project within the Zone. These funds may also be used to assist with infrastructure to provide job growth in the Zone with a focus on the re-use of environmentally challenged property.
 - Funds for this grant project are not available until the State of Illinois enacts a Capital Budget.
- Finally, legislation for the River Edge Project provides for the creation of Designated Zone Organizations (DZO) which will carry out activities within the Zone that benefit residents and businesses there. A business may receive a deduction against income subject to Illinois income taxes for a contribution to a DZO if the project for which the contribution is made has been specifically approved by the City of Rockford and by DCEO.

Always Looking for New Resources

Leveraging Multiple Resources Simultaneously



- Rockford Region
 - One of 20 national winners in 2011
- \$1,769,987 Grant
- Participating Agencies
 - Department of Commerce's Economic Development Administration (EDA)
 - Department of Labor's Employment and Training Administration (ETA)
 - Small Business Administration (SBA)

Rapid acceleration of the Rockford Area Aerospace Network (RAAN) to develop the Rockford MSA workforce capacity and the collaboration infrastructure necessary to meet more quickly the dramatic aerospace growth anticipated for the next two decades. This project seeks to first grow the market for the Rockford MSA aerospace cluster from regional to a national and international basis. Second, increase technical knowledge to accelerate the advancement of small and medium-sized enterprises (SMEs) through technology transfer and meet the growing needs of Primes and tier-on aerospace companies. Third, promote access to a qualified workforce, including new starts, and nurture disadvantaged populations through STEM education, training and internships.

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

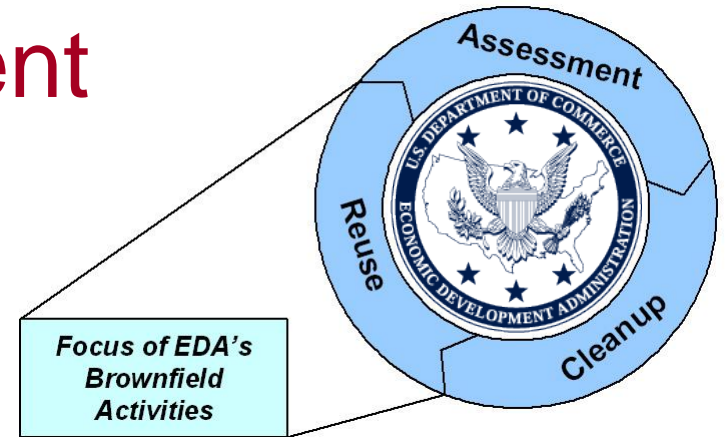
CDBG Eligible Activities

Linking to Brownfield Needs

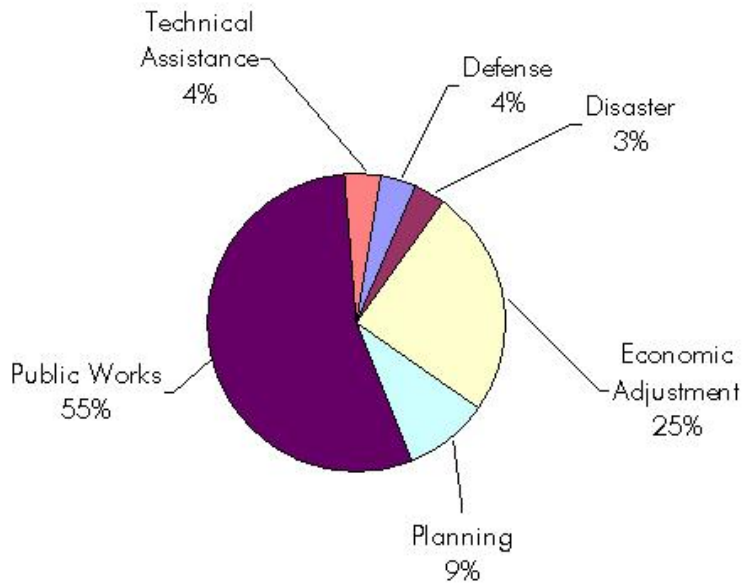
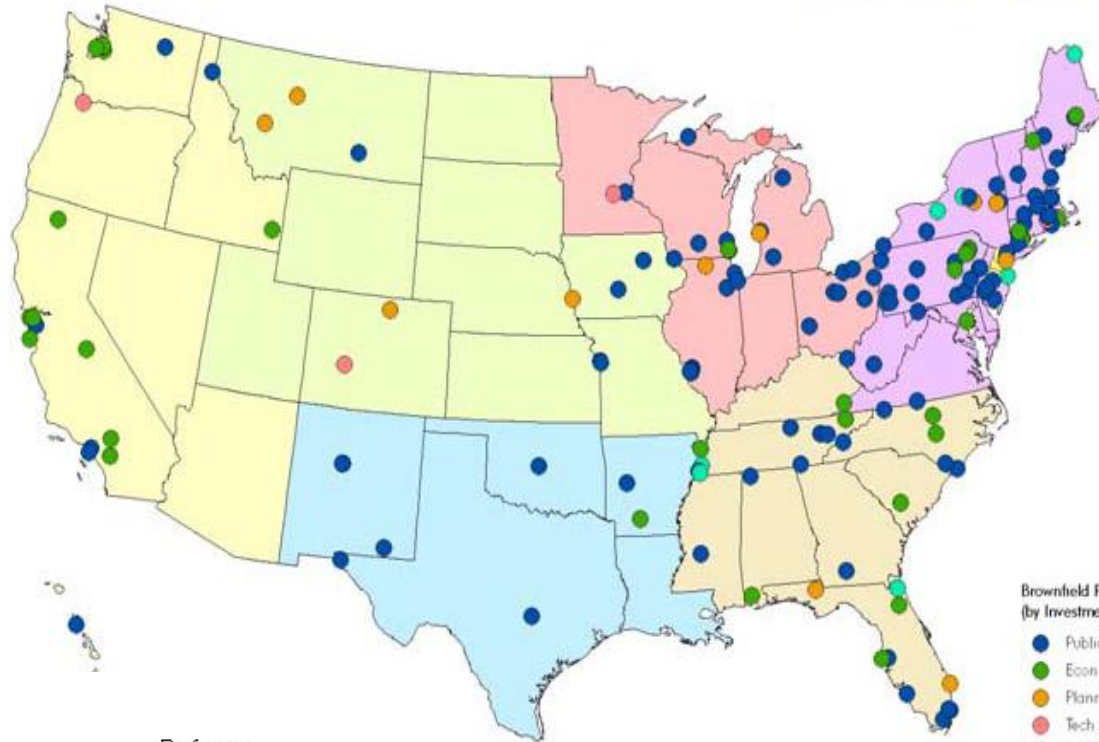
- Demolition and removal
- Rehabilitation of public and private buildings
- Planning
- Construction or reconstruction of infrastructure, neighborhood centers, recreation/public works facilities
- Can include coping with contamination as part of site preparation or infrastructure development
- Can be 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



EDA Brownfield Redevelopment Projects



EDA/Public Works

Plainview Steel, Plainview- AR

- Lumber/pressure treating facility, shut down in 1986 after quarter-century of operations; declared superfund site in 1999. Cleaned, redeveloped as specialty steel plant.
- \$763,000 in EDA public works funding supported site preparation, construction, infrastructure upgrading as part of \$1.1 million financing package
- Today – 25 new jobs, significant tax revenues for community



EDA

Regionally in 2010

PROJECT #	GRANTEE	LOCATION	CATEGORY	EDA \$(000)	
ILLINOIS					
06830529402	BI-State Regional Comm	Rock Island	Econ Dev District Planning	10	
068305630	Blackhawk Hills RC&D	Rock Falls	Econ Dev District Planning	62	
06830547201	EDC for Central Illinois	Peoria	Econ Dev District Planning	20	
068605531	EDC for Central Illinois	Multi City	Substate Planning	100	
068305609	East Central IL EDD	Urbana	Econ Dev District Planning	64	
068305604	Greater Egypt RPDC	Carbondale	Econ Dev District Planning	200	
06830537801	Greater Wabash RPC	Albion	Econ Dev District Planning	20	
06830548001	North Central IL COG	Princeton	Econ Dev District Planning	20	
06830528802	South Central IL RPDC	Salem	Econ Dev District Planning	10	
06830543701	Southeastern IL RPDC	Harrisburg	Econ Dev District Planning	20	
06830536901	Southern Five RPDDC	Ullin	Econ Dev District Planning	20	
06830537901	Southwestern IL Metr RPC	Collinsville	Econ Dev District Planning	20	
068305641	Two Rivers Reg Cncl PO	Quincy	Econ Dev District Planning	65	
06830548101	West Central Dev Council	Carlinville	Econ Dev District Planning	20	
068305642	Western IL Reg Cncl	Macomb	Econ Dev District Planning	53	
060105633	Benton, City of	Benton	Public Works	1,808	
060105579	Pulaski, Village of	Pulaski	Public Works	520	
060605605	East Moline, City of	East Moline	Technical Assistance	50	
06660531102	Southern IL Edwardsville	Edwardsville	University Center Assistance	159	

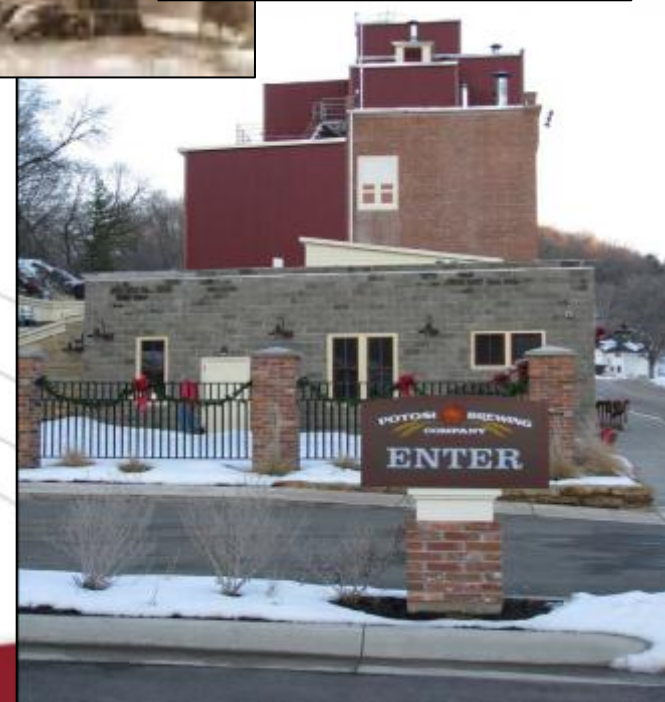
USDA-RD Funds

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

- 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



Rehabilitation Tax Credits

caveats and “fine print”

- Rehabilitation costs must be “substantial” – i.e., exceed minimum of \$5,000 or the building’s adjusted basis
- Property must be “income-producing” – multi-family rental housing can claim the 20% credit, but not the 10% credit
- Rehab work must conform to state historic preservation standards – which can deter integration of “green” technologies
- Credit is recaptured on a sliding scale (20% annually) if owner disposes of the building within five years of completing renovation

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.

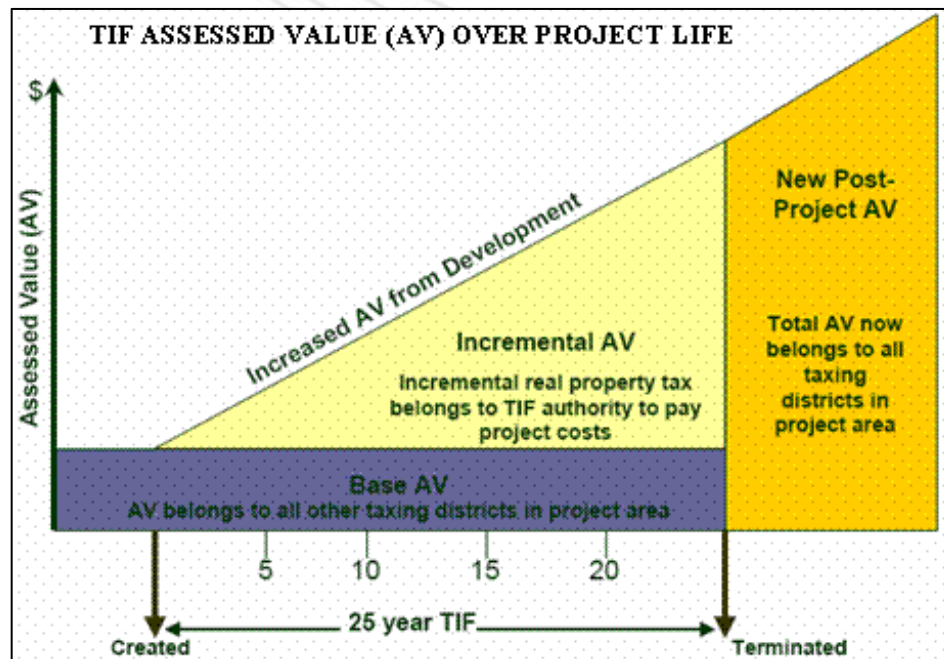
Key Elements;

- 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

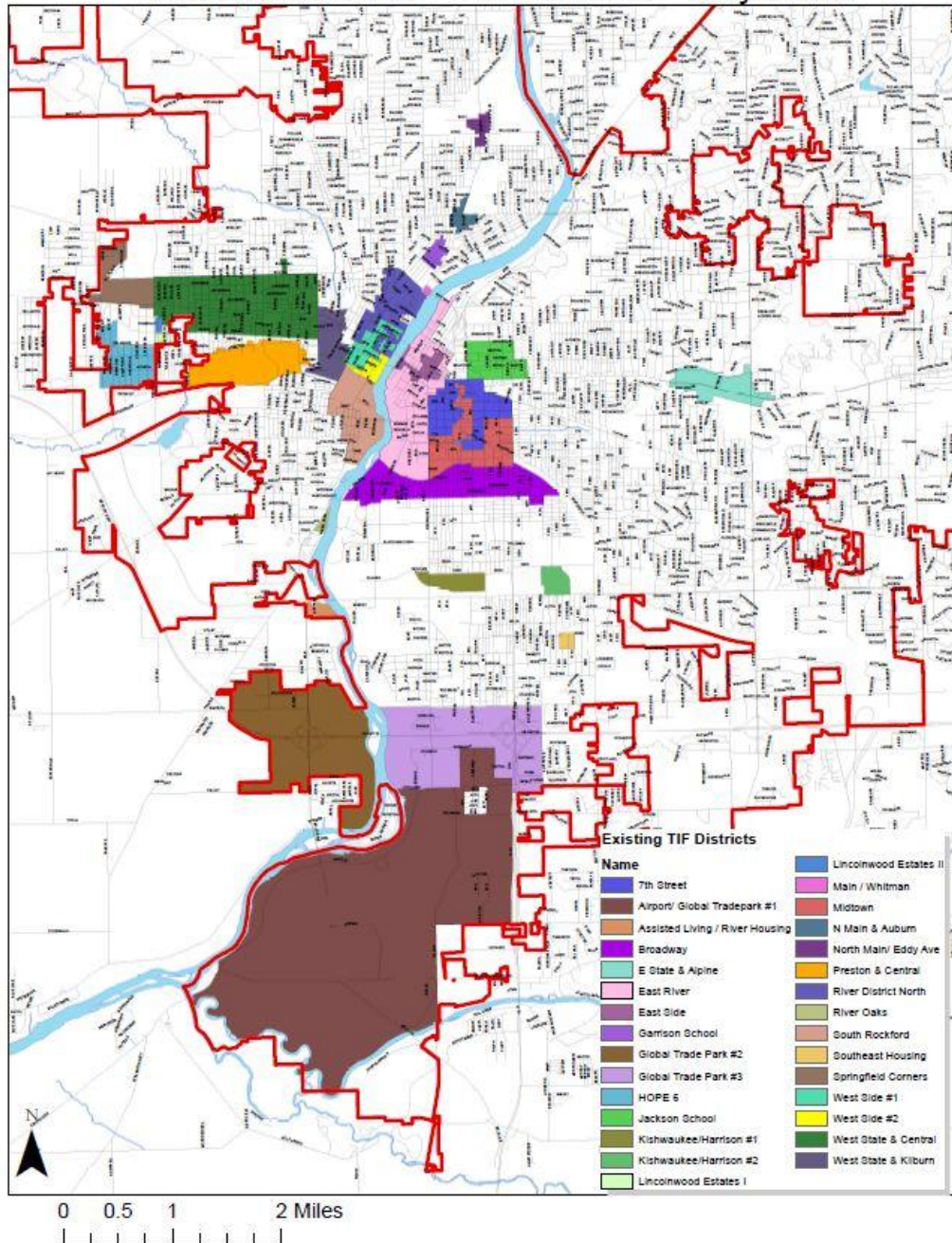
Tax Increment Financing

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



ROCKFORD TIF DISTRICTS - July 2009



**A well known
Economic
Development
tool in this
region.**

Tax Forgiveness

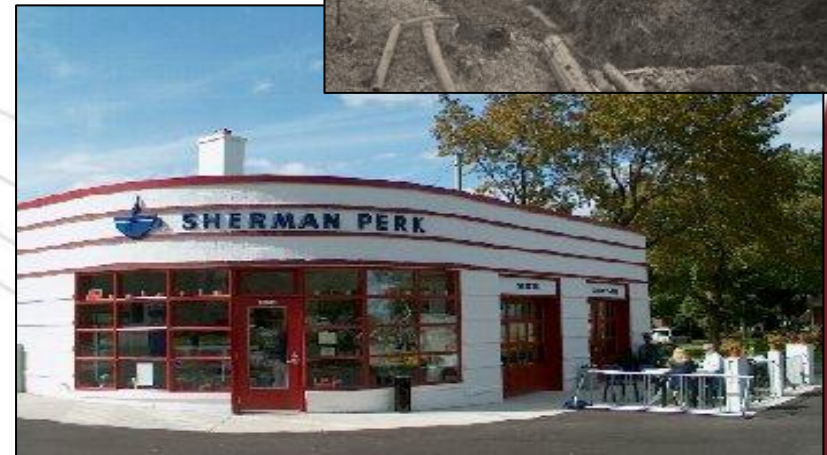
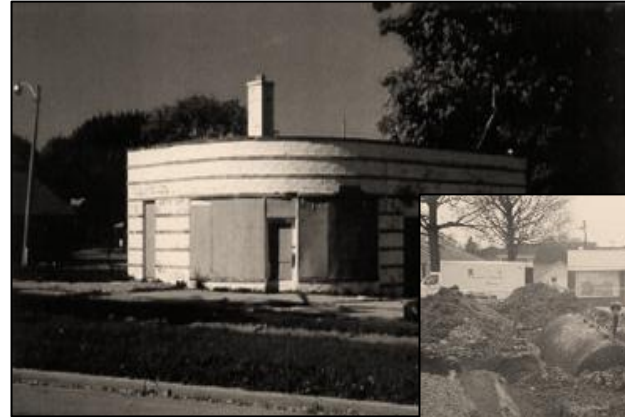
A Local Initiative



- 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



Midwest Example: Leveraging History

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%	←
Total Injection	4,160,858.00	100.0%	



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



Independence Park
& Veterans Memorial

Midwest Example: Sustainability For Business

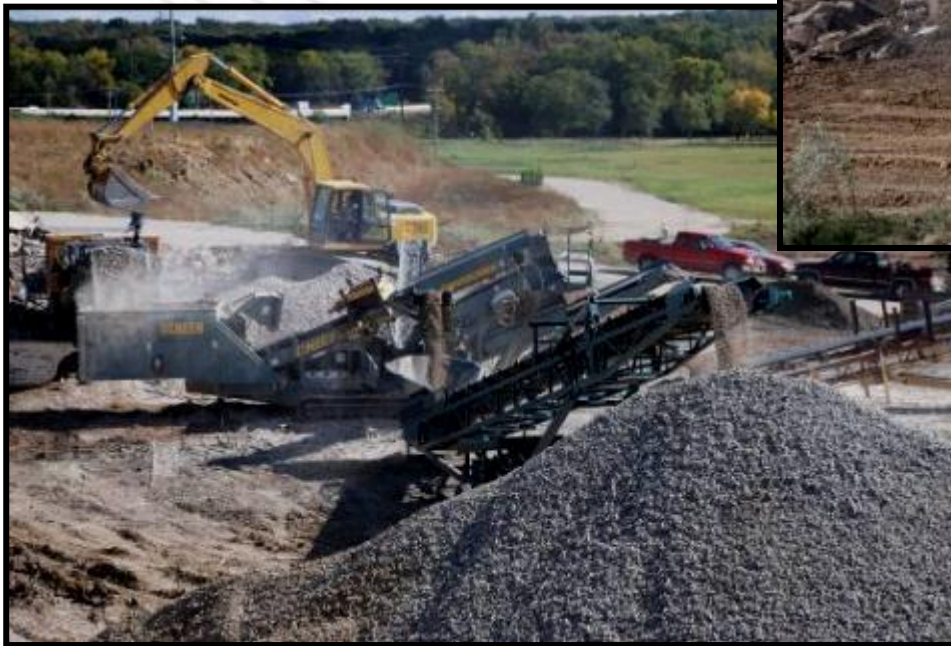
Population 17,000



- 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



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; 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



**“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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