



# Mixing & Matching Resources for Brownfields Success

## An Outside Perspective

Economic Redevelopment of Brownfields  
John Logan College  
Carterville, IL November 29, 2011

**Terracon**

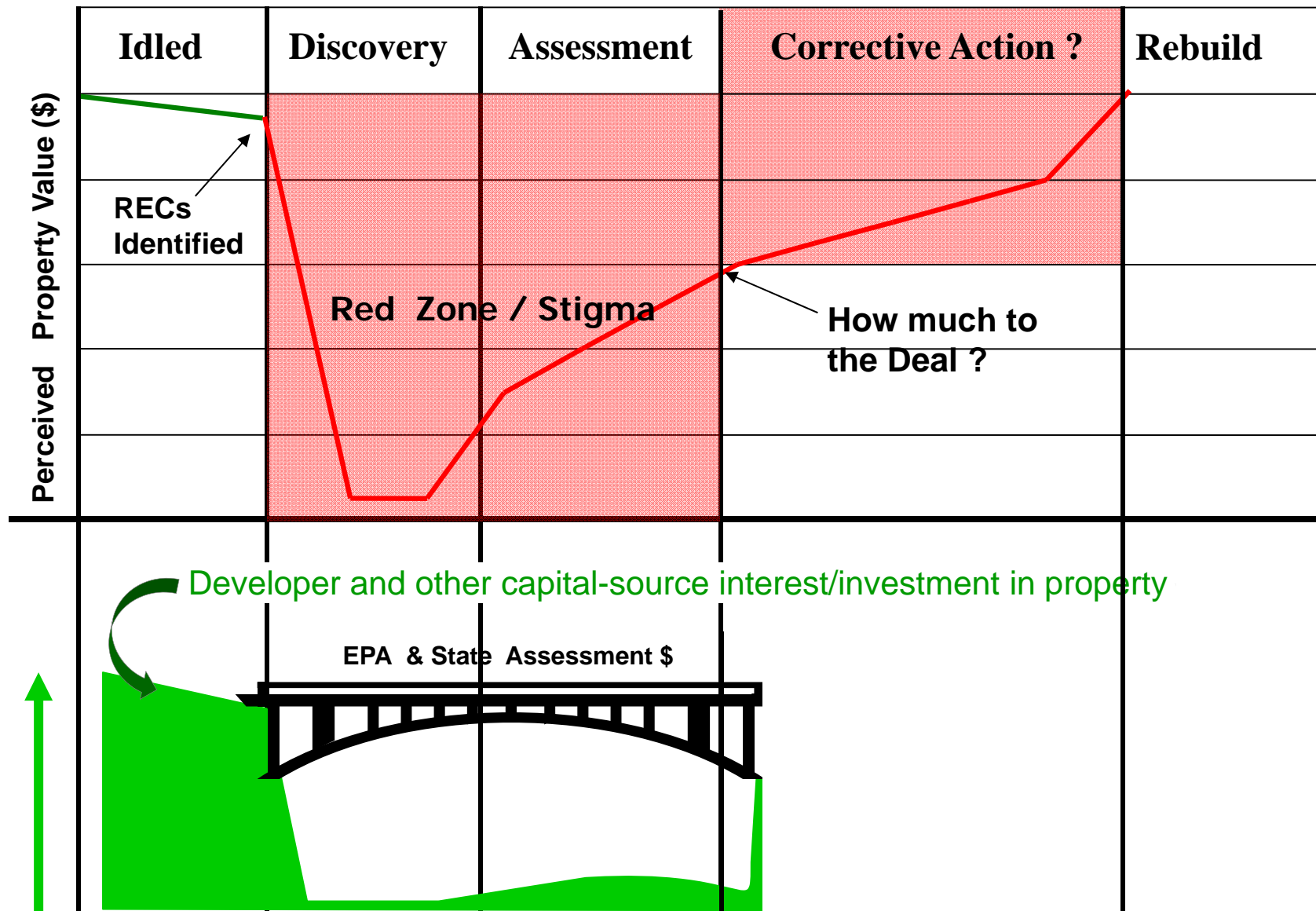
Geotechnical ■ Environmental ■ Construction Materials ■ Facilities

# 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



RECs: ASTM E1527-05 Recognized Environmental Conditions produce a stigma that affects property value whether impairment is real or not.

# Joint Agency Solution

Locomotive Restoration Complex  
Mount Vernon, IL



2001 - 2002

Illinois Brownfields Redevelopment Grant

# 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



# HUD Supporting Brownfields

## 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

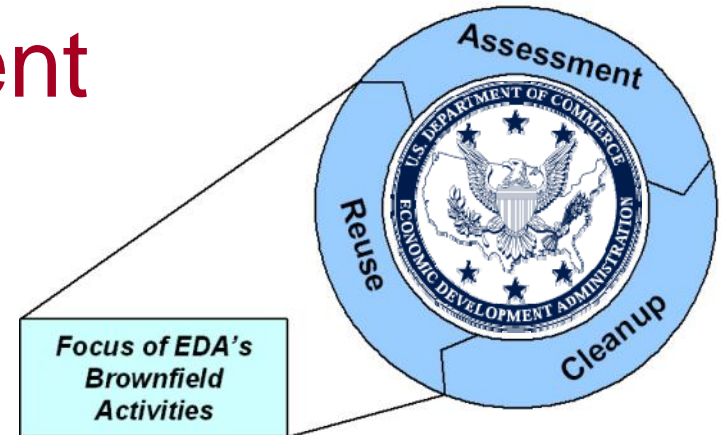
## Linking to Brownfield Needs

- 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



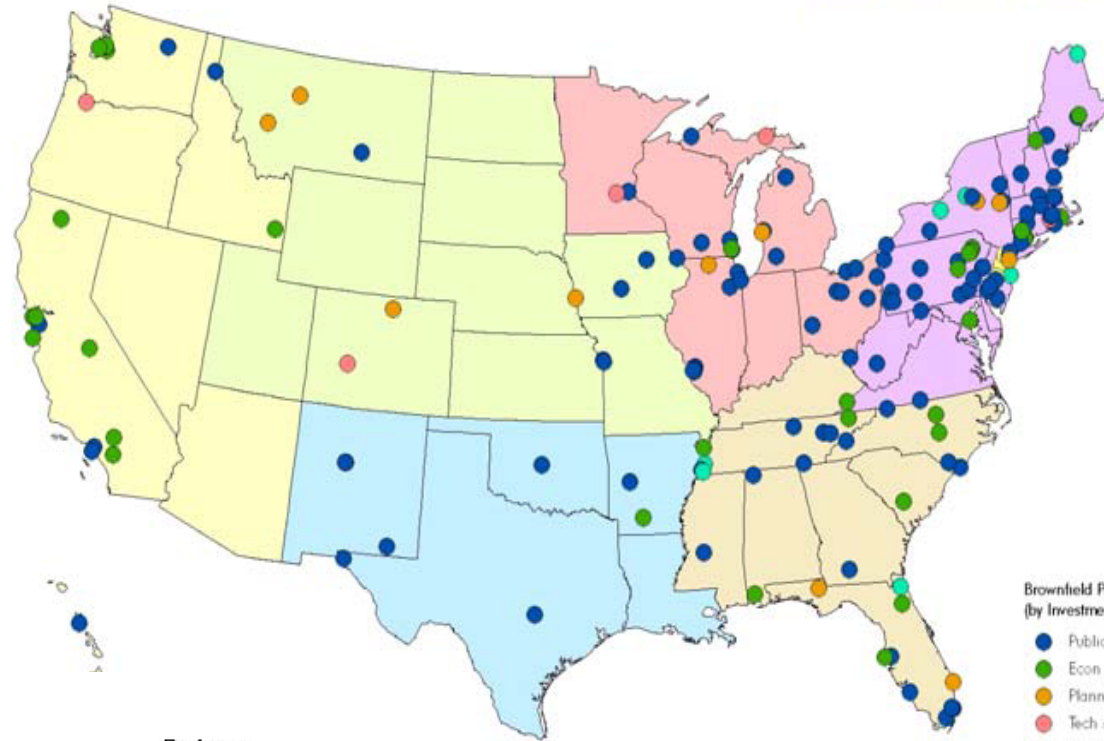
# Economic Development Administration (EDA)

- 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

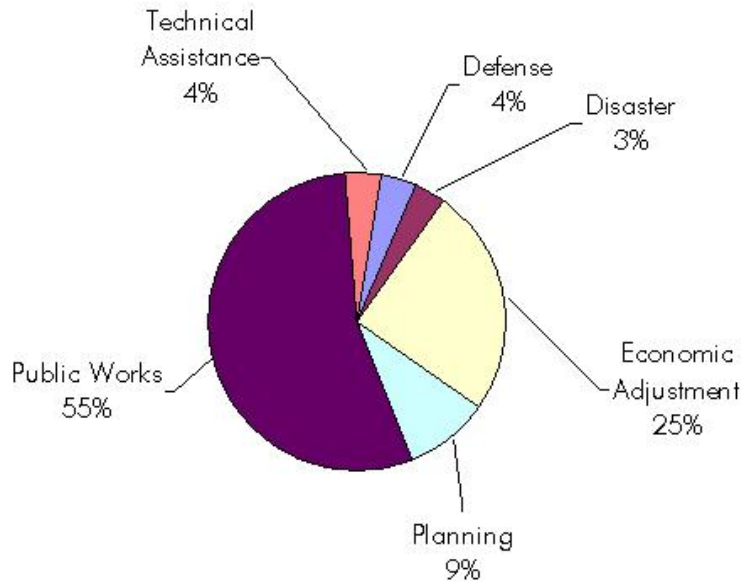




# EDA Brownfield Redevelopment Projects



- Brownfield Project  
(by Investment Type)
- Public Works
  - Econ Adjst
  - Planning
  - Tech Asst
  - Defense
  - Disaster



# EDA

## Regionally in 2010

PROJECT #	GRANTEE	LOCATION	CATEGORY	EDA \$(000)	
<b>ILLINOIS</b>					
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	

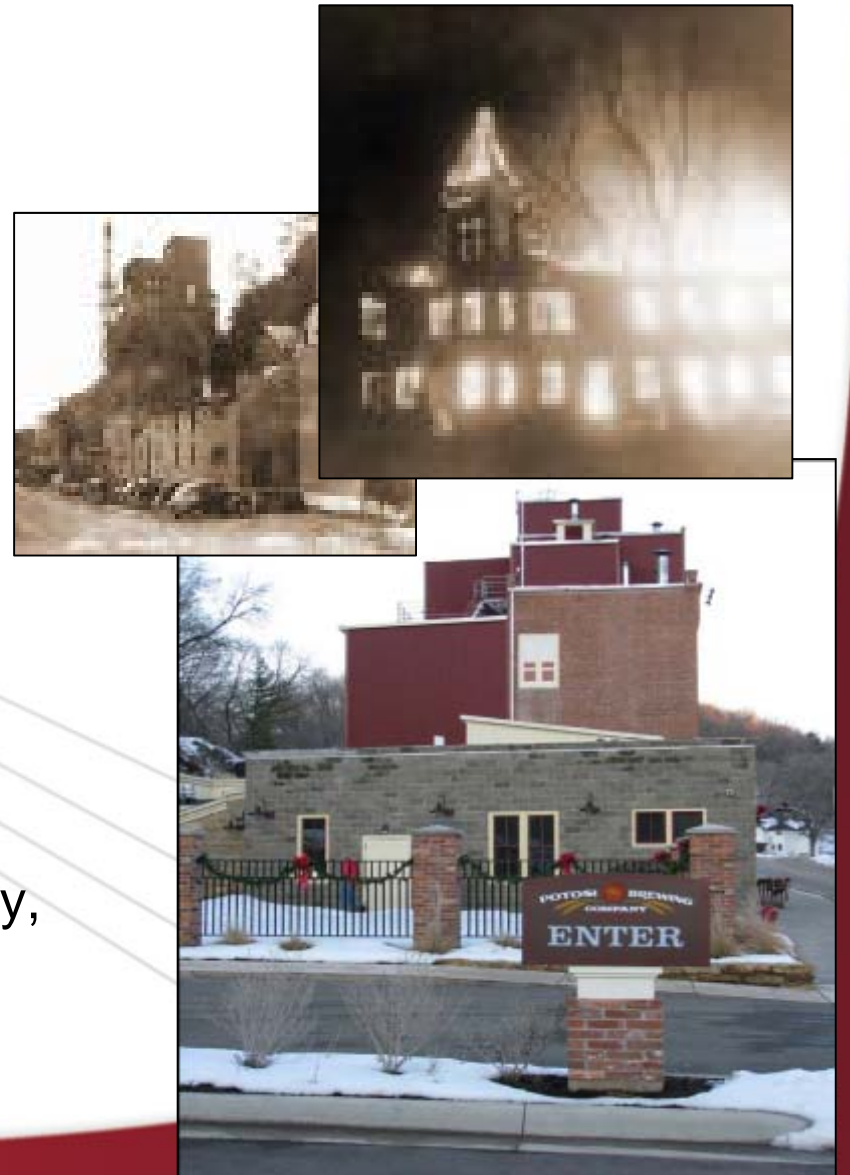
# USDA-RD Funds

## 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

## Federal Only in Illinois



- 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



# 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

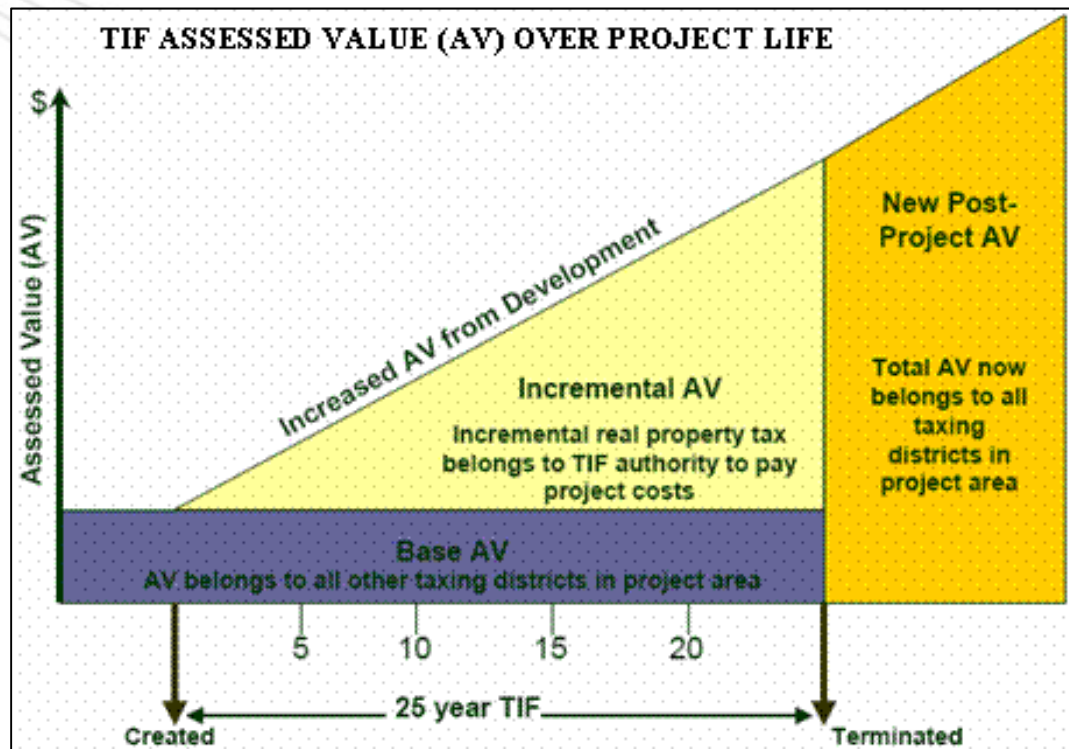
## Illinois

Program	New Markets Development Tax Credit
Enacting Legislation	<a href="#">Click here</a>
CDE Application Process	Needs to be a CDE for federal purposes that has entered into an allocation agreement with the CDFI Fund pursuant to which Illinois is included in the CDE's service area. Need to submit an application to the IL Department of Commerce and Economic Opportunity (DCEO) to approve a proposed investment as a qualified equity investment. Must issue QEI within 30 days of DCEO approval, and must provide evidence of DCEO of receipt of cash investment within 10 days of QEI issuance.
Annual State CAP limits	Approved QEIs are limited so that no more than \$10,000,000 of credits may be claimed in any fiscal year.
Transaction CAP limits	A qualified active low income community business may not receive more than 10,000,000 in qualified low income community investments under this program
What is the credit	39 percent of the purchase price of the qualified investment
How is the credit claimed	Years 1-2: 0%, Year 3: 7%, and Years 4-7: 8%
Credit period (compliance)	7 years (same as federal)
QALICB requirements	Same as federal requirements, except as noted below
Recapture	The following events cause recapture: 1) the Federal new market tax credits associated with a QEI are recaptured (recapture amount proportionate to the federal recapture); 2) the CDE redeems or makes a principal payment with respect to a QEI prior to the 7th anniversary of a QEI (recapture amount proportionate to the amount of redemption or repayment); and 3) the CDE fails to invest 85% of a QEI within 12 months and maintain such level of investment until the last credit allowance date for such QEI (recapture amount equal to all credits claimed); 12 month reinvestment period permitted.  90 day cure period for recapture after notice from DCEO.

# 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



# Common Economic Development Tool



91 pages of Tax Increment Financing Districts (TIFs)  
listed with State of Illinois

# Tax Forgiveness

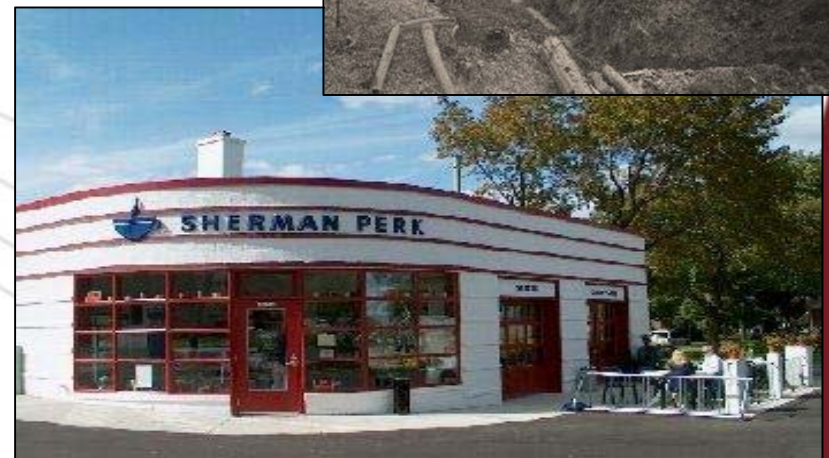
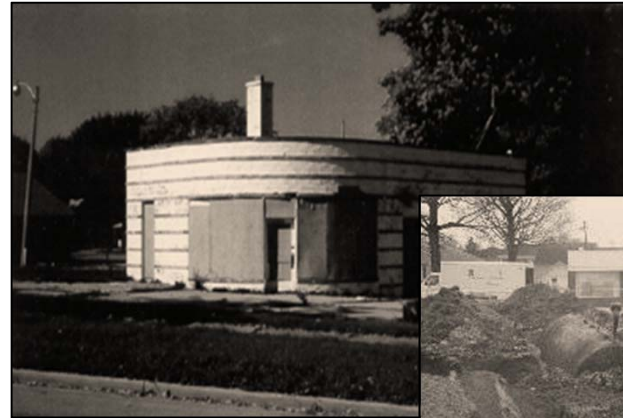
## A Local Initiative



- 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



# Sherman Perk, Milwaukee, WI

- 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”.





# SHERMAN PERK

4924

EX FABULA  
HERE NOV 5

EX FABULA  
HERE NOV 5

Free  
WIFI

SMOOTHIES

OPEN





# Midwest Example: Leveraging History

Population 16,000



## Putting pieces together ... in a hurry

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



## 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%	←
<b>Total Injection</b>	<b>4,160,858.00</b>	<b>100.0%</b>	



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**  
“CHILD LABOR ... IN A GOOD 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; 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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**Terracon**  
A TAB/CHSR Contractor