



Welcome to the CLU-IN Internet Seminar

Brownfields Area-Wide Planning Webinar 1

Sponsored by: EPA OBLR

Delivered: March 7, 2011, 1:00 PM - 2:30 PM, EST (12:00 PM-1:30 PM CDT)

Instructor:

Charlie Bartsch, Senior Advisor for Economic Development, Office of Solid Waste and Emergency Response, US EPA (bartsch.charlie@epa.gov or 202-566-1054)

Moderator:

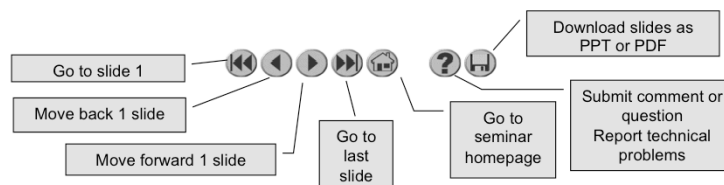
Jean Balent, EPA Technology Innovation and Field Services Division, (balent.jean@epa.gov or 703-603-9924)

Visit the Clean Up Information Network online at www.cluin.org

1

Housekeeping

- Please mute your phone lines, Do NOT put this call on hold
 - press *6 to mute #6 to unmute your lines at anytime (or applicable instructions)
- Q&A
- Turn off any pop-up blockers
- Move through slides using # links on left or buttons



- This event is being recorded
- Archives accessed for free <http://clu.in.org/live/archive/>

2

Although I'm sure that some of you have these rules memorized from previous CLU-IN events, let's run through them quickly for our new participants.

Please mute your phone lines during the seminar to minimize disruption and background noise. If you do not have a mute button, press *6 to mute #6 to unmute your lines at anytime. Also, please do NOT put this call on hold as this may bring delightful, but unwanted background music over the lines and interrupt the seminar.

You should note that throughout the seminar, we will ask for your feedback. You do not need to wait for Q&A breaks to ask questions or provide comments. To submit comments/questions and report technical problems, please use the ? icon at the top of your screen. You can move forward/backward in the slides by using the single arrow buttons (left moves back 1 slide, right moves advances 1 slide). The double arrowed buttons will take you to 1st and last slides respectively. You may also advance to any slide using the numbered links that appear on the left side of your screen. The button with a house icon will take you back to main seminar page which displays our agenda, speaker information, links to the slides and additional resources. Lastly, the button with a computer disc can be used to download and save today's presentation materials.

With that, please move to slide 3.

Creative Financing Tools for Reuse & Redevelopment:

Federal Partnerships to Support Community Revitalization AWP Projects – a multi-agency overview



Charlie Bartsch
Senior Program Advisor for Economic
Development
US Environmental Protection Agency
1st in a Webinar Series for AWP Grantees
March 7, 2011

What the heck is Charlie doing at EPA?

- Bringing an economic development focus to OSWER
- Reaching out to revitalization partners
 - *Inter-agency*
 - *Intra-agency*
 - *Private sector*
- Formal partnership structures
- Informal working relationships
- Helping make project implementation links to “make the fit”

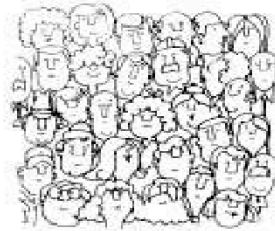


Overall vision – of EPA as a critical, initial component of the redevelopment continuum...

□

What this 1st in a series of Webinars will cover...

- Area-wide planning concepts, update
- Current real estate climate – *what impact on AWP redevelopment strategies for financing?*
- Intro to the federal family...what's out there?
Program previews, partner resources in action
- Examples along the way...



Webinar Series Objectives

Today: Provide an overview of federal program resources for AWP grantees & other communities to consider

For the Series: Give in-depth, agency-specific information on:

- Using resource information to shape optimal implementation strategies
- Ideas to “open the door” to agency resources –
 - * basic information/criteria, first steps, what’s next, common problems and solutions
- How to navigate programs

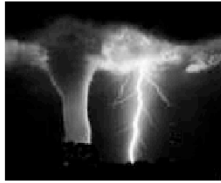
Goal: Ensure life after AWP grant

Brownfields AWP – context and goals

- Area-wide planning – new brownfields approach to integrate site cleanup and reuse into coordinated community development/ revitalization strategies
- Overall pilot grantee objectives:
 - *Identify potential brownfield site reuses*
 - *Create area-wide strategies that will ensure successful site assessment, cleanup, and reuse*
 - *Develop strategies for facilitating reuse of existing infrastructure, and defining necessary investments to accommodate future site uses*
 - *Set the stage for reuse project implementation consistent with the AWP*

AWP project status

- Current status: projects underway!
- On the radar screen:
 - *Identifying and leveraging additional federal, state, and local investment to implement AWP plans*
 - *Linking grantees to information resources, contacts that can facilitate local decision-making, project planning prioritization*
- ***Next step***: highlighting viable federal program options for grantees to consider in their implementation planning



Current real estate, market issues -- What impact on BF financing decisions for AWP?

- Tighter underwriting -- lower LTVs, lower collateral values
- Looming commercial loan re-financings/extensions
 - ***Between \$700 billion and \$1 trillion by 2013 – potential for additional defaults and foreclosures***
- Distressed lending industry impacts
 - ***416 now banks on FDIC's "problem list" – 5% of total***
 - ***98 banks failed in 2009, 156 in 2010, already 23 in 2011 -- mostly small regional and community banks***
- More properties now "upside down"...values dropping, while cleanup, site prep costs don't



Current real estate, market issues -- What impact on BF financing decisions for AWP?

- Revenue, income declines undermine tax incentive value
 - ***Impacts key tools of sophisticated deal-makers – TIF, tax credits/ax credit syndication***
- Decline in types of traditional infill/reuse
 - ***Retail chain outlets, small business start-ups***
 - ***Office/commercial retrofits/renovations***
- State/local deficits, spending pressures limit investment in smart growth/sustainable reuse projects
 - ***Cumulative state deficits topping \$375 billion in '10-'11***
 - ***As of July 2010, 30 states had raised taxes, 45 cut services***
 - ***89% of cities project difficulty meeting financial needs in '11***

10



*Long term forecast –
redevelopment will again make
sense, often in a greener market
context*

- Economists looking for real estate recovery starting late 2011 to mid-2012
- Some foresee “infill first” as development starts to come back
 - *Prime opportunity for communities to plan for reuse, prepare, position properties – key role for AWP efforts*
- Growing demand for sustainable end-uses
 - *“Green” = reduced O&M = market appeal; fits well with smart growth, redevelopment strategies*
- Public sector incentives poised to play an even more important role as catalyst, gap funder, partnership foundation
 - *Traditional programs can be better adapted to new situations*
 - *New opportunities to be tapped*
 - *Alternative packaging strategies more important*

11

Brownfield-specific Financing Challenges

Impact of Contamination on Financing Redevelopment

Conceptualizing and Planning the Project

Economic Analysis for Marketing the Project

Dealing with Stigma

\$ for Site Assessment

Additional Underwriting/Site Development/R.O.R. Costs

**\$ for Preparing a Cleanup Plan and Taking It Through
VCP/State/Local Regulatory Agencies**

\$ for Cleanup

“Regular” Real Estate Construction/Development Costs
When Site is “Shovel Ready”

□

Public Tools Can Be Fit together, Leveraged in Various Ways to Promote BF Reuse

- To provide resources directly
 - *Grants; forgivable/performance loans*

But also to...

- Reduce lender's risk
 - *loan guarantees; companion loans*
- Reduce borrower's costs
 - *interest-rate reductions/subsidies; due diligence assistance*
- Improve the borrower's financial situation
 - *re-payment grace periods; tax abatements and incentives; technical assistance help*
- Provide comfort to lenders or investors
 - *performance data, risk management/corroborations*



Financing Programs: A Federal “Laundry List”

What’s Been Linked Together for BF Reuse Projects?

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 loans/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

Grants (*continued*)

- DOT (various system construction, preservation, rehabilitation programs)
- Army Corps of Engineers (cost-shared services)
- USDA community facility, business and industry grants

Equity capital & loan guarantees

- SBA Small Business Investment Cos.
- SBA Section 7(a) guarantees
- DOE energy facility guarantees

Tax incentives and tax-exempt financing

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

Which Federal Programs Are Most Commonly Used?

HUD/community development programs

- **CDBG** – Economic/community development, planning, support services, housing

EDA/economic development, infrastructure programs

- Public works/economic adjustment/planning

USDA/rural development programs

- **Business and industry** loans, loan guarantees
- **Community facilities** grants and loans
- **Business development** programs

DOT/transportation

- Road/transit system enhancement, construction, improvement, cleanup

EPA/environmental programs

- **Brownfields** – grants for site assessment, cleanup, RLF capitalization
- **Water RLFs** – capitalization for water quality-related projects

HUD Community Development Block Grants

- Direct formula-based CDBG grants to entitlement jurisdictions
 - *Entitlement cities (50,000+) and urban counties (200,000+) get automatic annual grants*
- Direct formula-based grants to states for small city needs
 - *Small communities (> 50,000) compete for funds distributed by states*

HUD Community Development Block Grants

- Projects must meet one of 3 HUD objectives:
 - *Benefit low- and moderate-income persons*
 - *Prevent/eliminate slums and blight*
 - *Meet an urgent community need*

AWP potential:

- Help finance all phases of brownfield redevelopment/project implementation, consistent with HUD objectives

□

CDBG Eligible Activities , With Links to BF Redevelopment 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 CDBG objectives and these activities

□

CDBG: EXAL Corporation – Youngstown, OH



- Plant built in distressed neighborhood area, operator pledged to consider community residents in a "1st hire" agreement
- Loan leveraged \$40 million in additional investment, created 88 manufacturing jobs
- **CDBG used to pay for first year of loan**, to allow EXAL to cover brownfield-related site preparation costs
- EXAL now covers all loan costs from operations income stream

AWP lesson: gives developer flexibility in applying his own resources to meet brownfield needs

CDBG -- Jack Evans Police Station, Dallas TX

- Jack Evans police station, on 3.2 acre former gas station/dry cleaner site
- ***EPA site assessment \$\$***
- **CDBG** used for site preparation, including cleanup and demolition
- Construction funded with G.O. bonds
- LEED silver certified

AWP lesson: meeting critical public service component of area-wide strategy



20

CDBG: Paper Mill Island Park -

Baldwinville, NY

- 100 year-old paper mill, manufacturing site, long abandoned
- Town used **\$90,000 in small cities CDBG**, local community development funds for site preparation, park design, and some construction
- Now -- Paper Mill Island a popular municipal amphitheater and waterfront park, with boater access

AWP lesson: linking state CDBG infrastructure/recreational space priorities to site reclamation



21

CDBG – Reality check and points to consider

- Projects are locally determined
- Considerable local competition exists for funds
- Many long-time, repeat local recipients
- Low-mod benefit is primary HUD objective (minimum use of 70% of CDBG funds)

Economic Development Administration

- **Public works** grants
 - *Finance industrial site re-development, building reuse, and infrastructure preparation*
- **Economic dislocation** program
 - *capitalizes economic adjustment RLFs for distressed areas*
- **Rural planning** to support revitalization, through Economic Development Districts (EDDs)

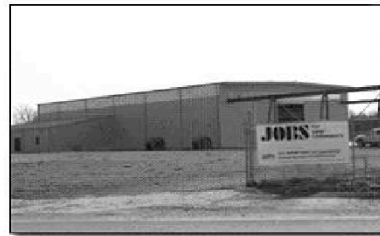
AWP potential: can finance business-based, job promoting projects, support additional planning activities

EDA Eligible Activities, With Links to BF Redevelopment Needs

- Revitalize, upgrade, and expand infrastructure needed to retain/attract jobs
- Attract new business and industry
- Site preparation, including demolition and removal
- Construction and rehabilitation of public and private facilities (such as industrial parks)
- Planning

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



25

EDA: Bates Mill – Lewiston, ME

- Textile mill, shut down in 1993, redeveloped in stages as small business incubator
- ***EPA assessment*** \$\$
- **EDA public works** funding supported site cleanup and infrastructure upgrading activities, part of \$41 million financing package
- ***Today*** –
 - 19 tenants occupying 284,000 sq. ft
 - Less than 100 employees in 1993; today, 1,000
 - Mill generated \$160,000 in taxes in 1993; today, \$543,000 per year – even with tax incentives in place



26

□

EDA – Reality check and points to consider

- Limited funding, significant competition
- Applications accepted on a rolling basis
 - Pre-approval at regional office level
- Projects driven by job-generating potential, minimum \$/job requirements
- Unemployment key eligibility/ selection factor
- Often, a focus on smaller towns, rural areas
- Can integrate brownfields redevelopment activities into EDA-funded comprehensive economic development strategies

27

USDA Rural Development Programs

USDA rural development funds must meet broadly defined program objectives -- 4 key programs can do this within a brownfields context:

- ***Community facility loans and grants*** – for a range of development and community benefit projects
- ***Business and industry loans*** – to public or private organizations, for activities such as industrial park site development/rehabilitation or access ways
- ***Intermediary re-lending program*** – intermediaries such as local governments are loaned money to re-lend to companies, in order to finance business facilities
- ***Rural development grants (RBEGs/RBOGs)*** – given to provide operating capital and finance emerging private business and industry

Rural Development Eligible Activities, with Links to BF Redevelopment Needs

- **Planning** for redevelopment or revitalization – for businesses and community facilities
- **Site clearance/preparation**, including demolition
- **Rehabilitation/improvement of sites or structures**
- **Construction** of real estate improvements
- **Installation** of amenities to enhance development

AWP potential: could all be used to meet brownfield cleanup and redevelopment needs, complementary activities to reuse effort

□

USDA: Charleston Place – Seaford, DE

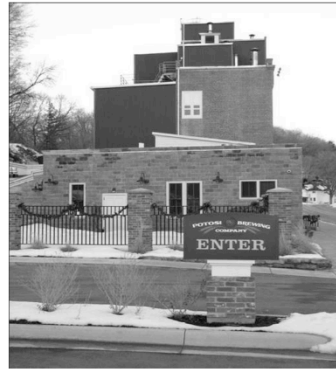
- Abandoned sewing machine factory, built in 1920s
- Developed by non-profit Better Homes of Seaford
- **\$600,000 USDA rural development loan**, plus DE Housing Authority and private bank participation
- Ribbon cutting 1/9/06; fully occupied by March



30

USDA: Potosi Brewery, Potosi, WI

- Brewery built 1852 in Potosi (pop. 700), abandoned 1972
- ***EPA, state site assessment, cleanup grants***
- **\$3.3 million B&I 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



31

□

USDA – Reality check and points to consider

- Applications are made to state USDA offices on a rolling basis
- USDA state offices have significant influence in the project funding decisions
- Population is the key determining factor; typically, the smaller the community, the more competitive it is
- Private entities eligible for B&I assistance, non-profits for all assistance
- Full range of business, commercial, industrial, “essential” community facility projects eligible

32

DOT Highway and Transit Programs

- **Surface transportation** formula grants
 - *Finance roads, highways*
 - *Can also finance congestion mitigation, transportation enhancement projects (such as bicycle and pedestrian facilities, bridges)*
- **Transit construction and operations** grants
 - *Finances transit system construction and maintenance*
- **Metropolitan planning organization** formula grants
 - *Assists metro areas plan for the development and management or multimodal transportation systems*

Transportation Program Activities, With Links to BF Redevelopment Needs

- In March 2009, DOT re-affirmed its brownfield policy
 - *Transportation funding can be used for cleanup at sites integral to transportation system development/upgrades*
- DOT highway/transit construction/modernization/rehab programs can support related revitalization by:
 - *(1) helping upgrade existing facilities*
 - *(2) offer transportation amenities that improve access to – and marketability of – sites*
 - *(3) fund facilities and structures that serve as part of the remedial solution*

□

DOT/Transportation Activities With Links to BF Redevelopment Needs

- Traffic flow improvements
- Bus and rail system modernization and rehabilitation
- Transit facility construction
- Pedestrian and bicycle programs, facilities
- Historic preservation/rehabilitation/operation of historic transportation buildings or facilities
- Preservation of abandoned rail corridors
- Planning

AWP potential – creative integration of a range of transportation/related projects into area-wide revitalization efforts

DOT: Amtrak station and environs -- Emeryville, CA

- City and developers constructed an Amtrak station on a parcel that was once a Chevron tank facility
- Surrounding development -- Emery Station 1 (ES1), 247,000 square feet of office; ES3 consists of a parking structure under 100 residential units
- Downtown expanded as TOD, and the city worked with EPA to develop site into a transit center
- Pedestrian bridge was built with DOT funds, access roads within the project being used as ICs



36

DOT: Banner Bank – Boise, ID

- Deteriorating parking garage near expanding edge of downtown Boise
- Built 1963, partially closed in 2000; major structural concerns

Transportation \$\$ Key Leverage

- \$324,000 in highway district funds
- \$100,000 from Idaho Power to offset up-front energy efficiency costs

Results

- \$25 million private investment, \$370,000 annual tax revenues, 650 new downtown jobs
- Significant environmental benefits
 - 92% construction waste recycled
 - LEED platinum certified
 - All rainwater, graywater reused
 - 65% energy efficiency achieved
 - 95% reuse efficiency



37

□

DOT – Reality check and points to consider

- Communities must work thru state MPOs, local transportation agencies
- Projects are determined by states, MPOs. And need to fit with MPO plan
- Planning process takes a long time
- Can be difficult to get an alternative transportation-related use into local system
- DOT re-affirmed brownfield policy at federal partners meeting in March, 2009
- Linked to transportation system/facility siting

38

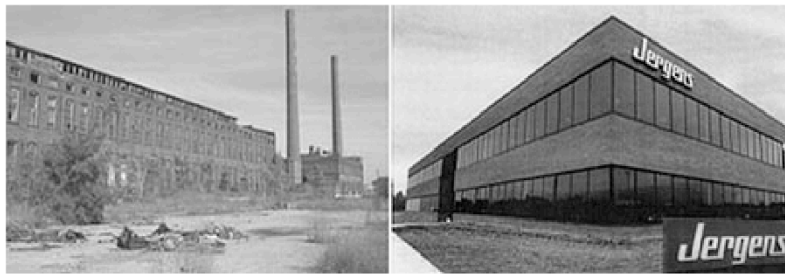
EPA Clean Water, Drinking Water State RLFs

- State funds capitalized by EPA each year
- States set RLF priorities within broad EPA guidelines
- Individuals and non-profits among eligible loan recipients
- Can finance loans up to 20 years; activities can include brownfield mitigation to correct or prevent water quality problems, including groundwater contamination
- Eligible activities include –
 - *Site assessments, disposal of USTs, excavation/removal/disposal of contaminated soil or sediments*

□

Using clean water RLF funds to meet contamination/cleanup needs

- Ohio has included brownfield cleanup as one of its state clean water RLF priorities, when contaminated properties affect water quality
- *Grant Realty used \$1.6 million in RLF loan proceeds to finance cleanup of a 20-acre industrial site adjoining the Cuyahoga River – Cleveland*



40

□

EPA/Water SRF – Reality check and points to consider

- States set RLF project priorities, determine recipients of RLF proceeds
- 20% priority for green infrastructure, low-impact projects projects
- EPA's water office is developing strategies for GI financing which may be useful

□

Five federal tax incentives that can be linked to revitalization transactions – all at little or no cost to the project....

- Rehabilitation tax credits
- Low income housing tax credits
- New Markets Tax Credits
- Energy efficiency/renewable energy tax credits
- Brownfield cleanup expensing



□

Advantages of Using Tax Incentives in Brownfield Projects

- Increase project's internal rate of return
- Attract new, unconventional players to the redevelopment table
- Ease borrower's cash flow by freeing up cash ordinarily needed for tax payments
- Some credits can be sold for cash, or syndicated to attract additional investment
- Not subject to competitive public grant process – ***you qualify, you win!***

43

Rehabilitation Tax Credits

- Taken the year renovated, income-producing building is put into 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

In 2009 – 1,044 projects, \$1.12 billion in credits

- leveraged \$4.7 billion in private investment
- led to nearly 71,000 jobs
- resulted in 13,700 housing units – 6,700 affordable

44

Thames Street Landing – Bristol, RI

- \$8.3 million mixed-use redevelopment, including housing, hotel, and offices at a vacant downtown site
- 200-year history – buildings included original Bank of Bristol (1797), Taylor Store (1798) and DeWolf Warehouse (1818); industrial uses started in 1861
- Developed in phases; banks unwilling to provide follow-on financing until 1st phase generated a positive cash flow
- **Rehab tax credits key to generating positive cash flow, attracting additional private capital**
- Today, project is cornerstone for historic revitalization of Bristol waterfront



45

Old Northampton Fire Station -- Northampton, MA

- Old Northampton Fire Station, built in 1872, shut down in 1999
- 13,000 sq. ft. building redeveloped into office space, small scale retail
- Adjoining property, used by the fire department for maintenance activities, being redeveloped into a residential and studio space
- Total project costs -- \$1.6 million
- **Cash flow impacts of rehab tax credits a key part of the economic viability of this project**



46

Low-Income Housing Tax Credits

- Can encourage capital investment in affordable housing on vacant properties, brownfields, other targeted sites
- Can be used to target investment to certain areas – infill or walkable locations – also to discourage sprawl
 - *States get annual population-based allocation for distribution to communities and non-profits*
 - *New “green” priority for allocations within states*
- Credits can be used for new construction, rehabilitation, or acquisition and rehabilitation

\$3.85 billion in credits issued in 2008, supporting 1/3 of all new construction that year

47

Brian J. Honan Apartments – Boston, MA

- Allston-Brighton CDC saw an opportunity to develop former Legal Seafoods fish processing plant into affordable housing
- **Low-income housing tax credits** key parts of financing incentive package needed to attract capital, convince funders that the project would work
- **Result** – affordable units in a sustainable development: green energy, pedestrian access to groceries, shops, transit



Mifflin Mills – Lebanon, PA

- PA's first affordable “rent-to-own” townhouse community
- Former vacant, blighted city block near downtown
- Energy efficient construction, designed to blend into existing residential neighborhood
- 20 units, completed Nov. 2009
- **\$1.5 million in low-income housing tax credits** key part of financing package needed to attract investors to rent-to-own project structure



49

Energy Efficiency/ Renewable Energy Tax Incentives

Business energy tax incentives

- Energy efficient construction deductions, thru 12/31/13
 - * **\$1.80/sq. ft.** deduction for commercial building construction saving **50%** of energy costs
 - * 60 cents/sq. ft. for 20% savings

On-site renewable tax incentives

- **30%** of costs of on-site solar, fuel cell, small wind renewable systems, thru 12/31/16
- **10%** for geothermal heat pumps, microturbines, thru 12/31/16
- **10%** credit for CHP installation, thru 12/31/16, in year it becomes operational

Energy Credits: Bio-fuel Station – Eugene, OR

- $\frac{3}{4}$ acre abandoned (since 1991) gas station, with leaking UST systems, contaminated soil and ground water on and off-site
- ***EPA site assessment \$\$***

Energy Incentives Leveraged

- \$1.2 million low-interest, redevelopment Oregon Sustainable Energy program loan
- \$250,000 state energy tax credits



Results -- mixed-use bio-diesel fueling station

- 15 jobs; \$4,000 in property taxes
- incorporates state-of-the-art renewable energy including a green bioswales to contain runoff



New Markets Tax Credits

- **Gives investors federal tax credits (39% over 7 years) for equity investments in designated Community Development Entities (CDEs), for use in low-income communities**
- CDEs use their allocations to make loans or investments in “qualified businesses” and development activities –
 - *Community facilities such as health or child care*
 - *Charter schools*
 - *For-profit and non-profit businesses*
 - *Homeownership projects*

\$5 billion awarded to 99 allocatees in October 2009; 49 states targeted for investment

52

NMTCs – fine print and caveats

- Challenging CDE designation, application process requires significant capacity, technical expertise
 - *Time consuming, costly, and complex*
- Matchmaking a good CBO strategy – find a CDE with an allocation!
 - *Recipients must allocate credits within 5 years*
- Historically, 50% + of all allocations have supported for-profit and non-profit real estate and business development – 98% in 2009 round
 - *Significant capital investment in central city areas*
 - *Nearly all investments at preferential rates/terms*

New Markets Tax Credits: Bethel Center – Chicago, IL

- Bethel New Life, a faith-based CDC, used \$1.5 million in NMTCs from LISC/Chicago to develop 23,000 sq.ft. Bethel Center on brownfield site
- Center has employment, day care services; 6 storefront businesses
- LEED gold certified
- ***Credit as leverage:*** NMTCs attracted private capital from Bank One and State Farm insurance



54

Brownfield Cleanup Cost Expensing Incentive

- Deduction pegged to cleanup costs, allows new owners to recover cleanup costs in the year incurred
- Only federal brownfield incentive targeted to private site owners
- Original incentive enacted 1997, extended/expired several times
- Most recently extended until 12/31/11 (retroactive to 1/1/09)



55

Brownfield Cleanup Expensing Tax Incentive

- Expensible costs can include:
 - *Site assessment, cleanup, monitoring costs*
 - *Costs related to install/monitor institutional controls*
 - *State VCP fees and associated costs*
 - *Removal of demolition debris*
- From 2004-2007: 170 applications from 29 states
 - *Treasury estimate pre-enactment – 10,000 sites annually*
- Petroleum sites made eligible starting 1/1/06

Brownfield Expensing Incentive

Why has it gotten so little use?

- Uncertainties/ambiguities/lack of knowledge
- Expired, on again/off again authority causes uncertainty, makes planning difficult
- Lack of information, bad information among development, accounting, and legal communities
- Impacts/uncertainties of recapture
- Not structured as/perceived as/marketed as a deal making incentive

Alliance Environmental/Goodwill Fire Department – West Chester, PA

- 8.5 acre former pharmaceutical property and dump site in economically distressed area
- Cleaned and redeveloped by Alliance Environmental
- Now, location of Good Will Business Park: 100,000 sq. ft. of retail, public service facilities including fire department and district court
- **Incentive provided Alliance with nearly \$800,000 in tax relief**



58

□

T.R. Thickston Glass Company, Bloomington, IN

- Former recycling center with foundry waste
- Project spearheaded by environmental consulting firm familiar with tax incentive
- **Incentive saved about \$80,000 in tax liability**, used to support cash flow until redevelopment occurred
- **Result** -- Site leased by T.R. Thickston Glass Company; created 3 jobs



59

Tax incentives – Reality check and points to consider

- Linkages to brownfields not often clear to private developers, tax incentive users/buyers
- Information incomplete or inaccurate
- State allocation priorities may not dovetail with brownfield situations
- Specific incentive issues related to:
 - *Recapture or carryforward*
 - *Certifications*
 - *Expiration*

□

For further, detailed information on specific agencies and programs, from partner agency staff...

Plan on logging in to the following webinars

Tentative schedule --

- HUD/CDBG – March 23
- DOT – April 21
- USDA and EDA – May 5
- EPA intra-agency resources – May 25
- Others may be scheduled later as needed....***stay tuned!***

61

***For additional information -- key
federal resource documents
Available on the EPA/brownfields website:***

- *Brownfield Federal Programs Guide* (2009 edition)
 - Reviews, with “brownfield connections,” programs offered by 15 agencies, plus tax incentives; http://epa.gov/brownfields/partners/2009_fpg.pdf
 - Look for the 2011 edition in Philadelphia!!
- *Leveraging the partnership: DOT, HUD, and EPA Programs for Sustainable Communities*
 - Highlights more than 2 dozen transportation, housing/ community development, and environmental programs that can be targeted to a range of projects
http://www.epa.gov/smartgrowth/pdf/2010_0506_leveraging_partnership.pdf

□

For additional examples and information....

*Contact Charlie Bartsch at
bartsch.charlie@epa.gov*

*Aimee Storm at
storm.aimee@epa.gov*

*Rachel Deitz at
deitz.rachel@epa.gov*

*Make sure to visit EPA's brownfields web site:
www.epa.gov/brownfields*

AND

Attend Brownfields 2011 -- Philadelphia, April 3-5!

63

Resources & Feedback

- To view a complete list of resources for this seminar, please visit the **Additional Resources**
- Please complete the **Feedback Form** to help ensure events like this are offered in the future

CLU-IN
U.S. EPA
United States Environmental Protection Agency
Technology Innovation Program
U.S. EPA Technical Support Project Engineering Forum
Green Remediation: Opening the Door to Field Use Session C (Green Remediation Tools and Examples)
Seminar Feedback Form

We would like to receive any feedback you might have that would make this service more valuable.
Please take the time to fill out this form before leaving the site.

First Name:
Last Name:
Daytime Phone Number:
Email Address:

☐ Please send a copy of my feedback confirmation as a record of my participation to this address

Date of Seminar: December 15, 2009
Delivery Media:

Need confirmation of your participation today?

Fill out the feedback form and check box for confirmation email.