

# State Brownfields Incentive Programs - Creative Policy Solutions

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# Redevelopment Economics

Representative Engagements:	Client:
Brownfields Plans and Strategies	Portland Metro, City of Portland, Carlisle, Centralina COG
Brownfields Policy Analysis	State of Washington Department of Ecology
Tax increment Financing Feasibility	Carlisle, PA
TIF Policy Analysis	State of MD Sustainable Growth Comm.
Economic, Fiscal, and Envir'l Impacts of Brownfields Investments	Wisconsin, Massachusetts, New York, Oregon, Maryland, US EPA; 3 specific projects
Green Job Strategy	Allegheny River Towns Enterprise Zone
Redevelopment Financing Assistance	Washington County PA; Three developers
Market Analysis	Philly Musician's Live-Work Lofts
Sustainable Energy linked to Redevelopment	NYSERDA

# Trends in Financing – Do Brownfields Still Need Incentives?

Wait, wait... you're telling me...



If I pee in the yard, I get a TREAT?

- Federal incentives eliminated:
  - Section 198
  - BEDI

- State incentives eliminated/reduced
  - Brownfields tax credits: MI, LA, WI
  - Bond issues not renewed: PA, OH, MI.
  - Dedicated funds shifted: NJ
  - TIF eliminated: CA
  - Funds cut: many states

# Affirming the Need for and the Productivity of Incentives

- State w/ new incentives:
  - Mississippi – brownfields tax rebate
- States re-upping and re-configuring:
  - New York and Massachusetts - Brownfields tax credits
  - Florida Jobs Bonus Refund Prog
  - Connecticut – new funding commitments
  - Ohio – merged into economic development incentives
  - Oregon – Brownfields Land Bank
  - Washington – Brownfields Renewal Authorities
- Selling Brownfields through Impact Analysis
  - Massachusetts
  - New York
  - Wisconsin
  - Oregon
  - Ohio
  - Delaware

## *Impact analysis aids renewal*

# Massachusetts Brownfields Tax Credit

- 25-50 % of cleanup costs, restricted use/unrestricted use
- Automatic
- Transferable
- No overall cap;
- No project ceiling
- Impacts:
  - \$54 investment leveraged by \$1 BTC
  - More than 7,000 jobs
  - Over 10 years Commonwealth gains more than \$8 in tax revenues for every \$1 in BTC outlay
  - VMT reduction – 45%/residential; 25%/commercial
  - “Saves” 22,100 metric tons of CO<sub>2</sub>, (same as taking 4,300 cars off the road each year)

## Whitin Mill, Alternatives, Whitinsville



*Fiscally-responsible tax incentive:*

# Mississippi Brownfields Tax Rebate

## Mississippi Economic Redevelopment Act –

- Requires approval of the remediation plan by MDEQ and the project by the Mississippi Development Authority
- All State sales, income and franchise taxes from business occupants are diverted
- Diverted revenues are used to reimburse developers for approved cleanup costs, as follows:
  - 100 % of diverted taxes for 6 years, stepped down to 50% in year 10.
  - Up to 2 ½ times the allowable remediation cost.



# 2013

## The District at Eastover Jackson

### *October 2013 - Brownfield Agreement*

- Asbestos Abatement & Transformer disposal
- Cleanup Linked to Redevelopment Plans
- Collaboration (DFA, Private Sector)

### *Expected Outcomes*

- \$150M Development in Jackson
- Create 600 jobs
- 500,000 sq. ft. of retail, office, residential



# Creative Use of TIF Incentives for Brownfields

## PA City Revitalization Incentive Zone (CRIZ)

- 130 acres in third class cities
- Diverts state sales and use, income, and corporate taxes
- Local taxes other than property taxes
- Allentown gains 600,000 sq ft commercial space
- Bethlehem, Lancaster designated brownfields

## PPL Arena Downtown Allentown





# Creative Use of TIF Incentives for Brownfields

## Kentucky Signature Projects

State revenues into the TIF (state real property taxes, sales taxes, individual and corporate income taxes, and limited liability entity taxes) if:

- Demonstrates net positive revenues to the state;
- Meets three of seven findings related to economic distress and blight;
- Exceeds \$100 million investment;
- Involves mixing uses with no more than 20 percent retail.

## Maryland 2013 TIF Reforms

- Expanded uses of funds include cleanup, site prep, historic preservation, and private garages
- Adjustable base for Brownfields sites

## Tennessee TIF Reforms

- Allows localities to use sales taxes in a brownfields TIF

# Brownfields Incentives Capacity Building

## Washington – Brownfield Renewal Authorities

- Better liability protections
- New assistance to private prospective purchasers
- Priority for State funding
- Brownfield Redevelopment Trust Account
- Spokane – first BRA

## Land Banks

- Oregon
- Connecticut
- Suffolk Co, NY
- Cleveland



*Spokane – first BRA*

# Brownfields Incentives

## New Visions for Old Tools



HUD 108

CWSRF

### Indiana – SEPs

- Supplemental Environmental Projects to fund brownfields
- \$1,074,216 funds expended/obligated
- Nexus
- 30 sites




### Indianapolis Aztec-Crown Cleaners

- Combination of funds –
  - US EPA removal
  - 128 (a)
  - SEP
- Being developed for senior housing



# How to make progress on brownfields without new state \$\$

- Examine the regulatory side for speed, certainty, and improved liability protections;
  - Consider LSRP
- Examine TIF-brownfields tie-ins
- Make better use of CDBG, HUD 108, CWSRF
- Use insurance archeology
- Use Supplemental Environmental Projects
- Establish a pooled environmental insurance program
- Use land banks for brownfields
- Enhanced powers for redevelopment authorities



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