

# Brownfields

Brownfield-Greyfield Redevelopment Financing Toolkit  
for Local Government Officials



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Vibrant Communities – Robust Region



The 14-county bi-state region includes: Anson, Cabarrus, Cleveland, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, Stanly and Union Counties in North Carolina, and Chester, Lancaster, Union and York Counties in South Carolina.

# Brownfields

## Brownfield-Greyfield Redevelopment Financing Toolkit for Local Government Officials

This project is an intensive study of brownfields redevelopment financing program possibilities and tools that may support and facilitate future activity involving public and private investment in brownfield-greyfield redevelopment projects.

“CONNECT Our Future” is a process in which communities, counties, businesses, educators, non-profits and other organizations work together to grow jobs and the economy, improve quality of life and control the cost of government. This project will create a regional growth framework developed through extensive community engagement and built on what communities identify as existing conditions, future plans and needs, and potential strategies.

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*Redevelopment Economics*

This document was prepared by Centralina Council of Governments and Catawba Regional Council of Governments in partnership with Cardno and Redevelopment Economics.



# Contents

<b>SUMMARY OF RECOMMENDED ACTION STEPS .....</b>	<b>1</b>
Tax credit programs .....	1
CDBG and HUD 108 .....	1
Clean Water State Revolving Funds (CWSRF) .....	2
EPA Brownfields Revolving Loan Funds .....	2
Tax Increment Financing .....	2
Supplemental Environmental Projects (SEP's) .....	3
Insurance Recovery .....	3
<b>INTRODUCTION TO BROWNFIELDS-GREYFIELDS TOOLKIT .....</b>	<b>4</b>
Report Organization .....	4
About the Consulting Team .....	5
Frequently Asked Questions (FAQs) .....	5
<b>OPPORTUNITIES FOR BETTER UTILIZATION OF EXISTING FINANCING RESOURCES .....</b>	<b>9</b>
Federal Tax Credit Programs.....	9
New Market Tax Credits.....	9
Low Income Housing Tax Credits.....	12
South Carolina Tax Credit Programs .....	13
Brownfields Voluntary Cleanup Credit.....	13
Textiles Communities Revitalization Act .....	14
Historic Rehabilitation Tax Credit.....	15
South Carolina Abandoned Buildings Revitalization Act .....	16
North Carolina Tax Credit Programs .....	17
Mill Development Tax Credit .....	17
Historic Rehabilitation Tax Credits.....	18
Action Steps for Tax Credits.....	19
Community Development Block Grants and Section 108 Loans.....	20
Section 108 Loans .....	21

State CDBG Funding .....	21
CDBG Example Projects .....	22
HUD 108 Example Projects .....	23
HUD 108 Loan Pool Example Projects .....	24
Action Steps for CDBG and HUD 108 .....	25
Key Documents .....	25
Clean Water State Revolving Funds.....	26
Program Summary .....	26
Examples of States Utilizing CWSRF Funds for Brownfields.....	26
North Carolina and South Carolina CWSRF Programs .....	28
Action Steps for CWSRF.....	28
Key Documents and Information Sources.....	28
Effective Use of EPA Brownfields Revolving Loan Funds .....	29
Program Summary .....	29
South Carolina Program .....	29
North Carolina Land of the Sky Program.....	30
Other Model State and Local Brownfields Revolving Loan Funds .....	30
Keys to a Successful Brownfields RLF.....	32
Action Steps for EPA RLF .....	32
Key Documents and Information Sources.....	33
Other Brownfields-Greyfields Financing Sources with Potential for Expansion .....	33
Tax Increment Financing .....	33
Action Steps for TIF .....	35
Supplemental Environmental Projects .....	35
Action Steps for SEP.....	36
Insurance Recovery .....	37
Action Steps for Insurance Recovery .....	38
<b>NATIONAL SURVEY OF BROWNFIELDS-GREYFIELDS TOOLS .....</b>	<b>39</b>
State Brownfield Incentives.....	39

Income Tax Credits for Site Assessment and Cleanup .....	39
Income Tax Credits for Brownfields Redevelopment.....	39
Brownfields Tax Rebate.....	40
State Sales and Use Tax Credits/Exemptions for Brownfields or Distressed Areas .....	41
Job Creation Tax Credit Linked to Brownfield Designation .....	41
Grant-loan Program Based on Annual Appropriations.....	41
Pooled Environmental Insurance Program .....	42
Super Tax Increment Financing.....	43
State Brownfield Liability Protection and Regulatory Programs .....	43
Enhanced Liability Protection .....	43
Improved and More Efficient Regulatory Review .....	44
State Capacity Building Programs.....	44
Brownfields Area Planning.....	44
Land Banks and Tax Foreclosure .....	45
Local Programs .....	45
Local Brownfields Property Tax Credits.....	45
Grant-loan Program Based on Dedicated Funds .....	46
Mentoring and Donated Technical Assistance to Disadvantaged Communities .....	46
Green Infrastructure Programs.....	46
Redevelopment Authorities with a Brownfields Orientation.....	47
<b>Acronyms .....</b>	<b>48</b>

**SUMMARY OF RECOMMENDED ACTION STEPS**

Policy/Program	Recommended Lead
<b>Tax credit programs</b>	
<p><b>Tax credit programs, in general:</b> the complexity of the programs discourages broader application. Recommendation:</p> <ul style="list-style-type: none"> <li>• Train, inform, make connections between brownfields projects and tax credit programs</li> <li>• Make full use of the considerable NC and SC tax credit expertise (in the monetization, syndication, and structuring of tax credits) in elevating knowledge of and use of tax credits</li> </ul>	Regional COG’s (administrative)
<p><b>New Markets Tax Credits:</b></p> <ul style="list-style-type: none"> <li>• Connect brownfields projects and planners to NC and SC CDE’s</li> </ul>	Regional COG’s (administrative)
<p>US Treasury Department should consider:</p> <ul style="list-style-type: none"> <li>• Providing an operative definition for brownfields sites vis-à-vis the CDE ranking system for “Community Outcomes”</li> <li>• Adjusting the CDE ranking criteria to give greater weight to the brownfields designation</li> </ul>	HUD Sustainable Communities Partnership (administrative)
<p><b>Low Income Housing Tax Credits:</b></p> <p>Re-evaluate the state Qualified Allocation Plans to strengthen the set-asides and other criteria to favor redevelopment, in-fill, and brownfield</p>	NC and SC (administrative)

-type projects over greenfield projects. Consider more favorable treatment of mixed income projects.	
<p><b>South Carolina Brownfields Voluntary Cleanup Tax Credit</b></p> <p>Consider statutory changes to remedy under-utilization:</p> <ul style="list-style-type: none"> <li>• Broaden applicable taxes beyond corporate income taxes</li> <li>• Add transferability</li> <li>• Allow more time for completion of cleanup</li> </ul>	SC (statutory)
<p><b>NC Mill Tax Credit and Historic Rehabilitation Tax Credits</b></p> <p>These two tax incentive programs (both sunseting in 2014) are key infill and redevelopment tools. Consider re-instatement.</p>	NC (statutory)
<b>CDBG and HUD 108</b>	
<p>Generally CDBG and HUD 108 are under-utilized resources for brownfields in the study area. This can be remedied by actions to:</p> <ul style="list-style-type: none"> <li>• Implement brownfields education/outreach for community planners and developers to improve understanding of how liability and risk can be managed</li> <li>• Develop a HUD 108 training program for state and local development officials. Specifically focus on:                             <ul style="list-style-type: none"> <li>○ Ways to structure project financing to protect CDBG funds</li> <li>○ Ways to use HUD 108 to set up loan pools</li> </ul> </li> </ul>	Regional COG’s and HUD Sustainable Communities Partnership (administrative)

<ul style="list-style-type: none"> <li>• Re-evaluate the HUD contamination policy and clarify that risk-based cleanups are acceptable without requiring special justification</li> </ul>		<p>The EPA Brownfields RLF is a flexible tool, and this report outlines many creative uses for the funds, as well as best practices in management of the funds. Recommendations:</p> <ul style="list-style-type: none"> <li>• Review and adopt best practices from other regions</li> <li>• Consider establishing a regional brownfields revolving loan fund in NC and applying for a US EPA capitalization grant in 2015. Alternatively, the partners could consider partnering with the state of North Carolina to establish a BCRLF that meets the needs of other parts of the state as well as the Centralina region.</li> </ul>	<p>Regional COG’s and NC (administrative)</p>
<p><b>Clean Water State Revolving Funds (CWSRF)</b></p>			
<p>About one-third of all states (not including NC and SC) have added brownfields cleanups to the Intended Use Plans for CWSRF and are now active in providing brownfields loans. Recommendation:</p> <ul style="list-style-type: none"> <li>• The project partners should initiate discussions with the South Carolina and North Carolina brownfields programs and CWSRF to explore the possibility of using CWSRF funds for brownfields remediation.</li> </ul>	<p>Regional COG’s and NC and SC (administrative)</p>	<p><b>Tax Increment Financing</b></p>	
<p><b>EPA Brownfields Revolving Loan Funds</b></p>		<p>TIF is an under-utilized resource in NC, and both states should consider statutory changes to enable the brownfields connection:</p> <ul style="list-style-type: none"> <li>• Allow site assessment, remediation, and site preparation expenditures as eligible uses of TIF funds</li> <li>• Allow localities to lower the TIF base by cleanup costs</li> <li>• Exempt brownfields from area plan requirements to enable individual sites to benefit</li> <li>• Restrict TIF projects that exacerbate sprawl and unhealthy growth patterns</li> </ul>	<p>NC and SC (statutory)</p>



<p><b>Supplemental Environmental Projects (SEP's)</b></p>	
<p>Consider ways to institutionalize the connection between SEP's and brownfields cleanups:</p> <ul style="list-style-type: none"> <li>• Project partners should open discussions with the two (NC and SC) State environmental agencies about creating a program similar to the Indiana program that uses SEP's for brownfield cleanups.</li> </ul>	<p>Regional COG's, NC, SC (administrative)</p>
<ul style="list-style-type: none"> <li>• The federal Sustainable Communities Partnership should initiate the concept of a formalized SEP-brownfields program with EPA.</li> </ul>	<p>HUD Sustainable Communities Partnership</p>
<p><b>Insurance Recovery</b></p>	
<p>Insurance recovery is not a well-worn path in NC and SC, although it is routinely used in a number of other states.</p> <ul style="list-style-type: none"> <li>• Stakeholders should host a webinar for local brownfields and community planners to learn about the insurance recovery tool. There are a number of legal firms that have insurance recovery teams.</li> </ul>	<p>Regional COG's (administrative)</p>

## INTRODUCTION TO BROWNFIELDS- GREYFIELDS TOOLKIT

Communities across the region are facing challenges with idle, vacant, and/or abandoned properties. “Brownfields” are properties where redevelopment is hampered by real or perceived environmental issues, while “Greyfields” are generally former retail stores with large parking lots that are now economically obsolete. The redevelopment and reuse of brownfields and greyfields can be challenging. In particular, developers may face liability issues, regulatory uncertainty, assessment and remediation cost uncertainty, and continuing exposure concerns with the brownfield sites. While greyfields usually do not present these environmental challenges, developers may still face additional costs associated with demolition or re-purposing of out-moded buildings and market barriers to new investment in older existing communities.

In the early 1990s, local communities began to realize the fear and uncertainty associated with the redevelopment of brownfield and greyfield properties was undermining the vitality of urban areas. Developers were instead focusing on “greenfields” to avoid the environmental concerns, and as a result further exacerbating urban sprawl.

While the challenges associated with these properties raise the costs of a project for a developer, the community benefits through lower costs of infrastructure (both capital and operating); locating jobs proximate to the populations that most need the jobs; lower vehicle miles travelled (and lower greenhouse gas emissions); increased property taxes from neighboring properties; and the community image advantages of revitalized central areas. Therefore, local, state, and the federal agencies began to create new programs and incentives to encourage investments in these challenging properties. While the incentives or programs require resources, communities recognized the beneficial return these investments produce.

For this project, Cardno and Redevelopment Economics researched the brownfields and greyfields tools and incentives available in North and South Carolina and

other states. Our research included literature reviews, interviews, analysis of success factors, and evaluations of program impact data when available.

### Report Organization

The first section of the report focuses on “Opportunities for Better Utilization of Existing Financing Resources.” This section stresses ways to optimize *existing* tools and programs, pointing to particular financial incentives that are arguably under-utilized in the region and thus constitute opportunities to accelerate brownfields-greyfields redevelopment without any new or expanded state and local programs and spending.

The two COG’s determined that the following programs have the greatest potential for accelerating brownfields-greyfields redevelopment, and the consulting team was asked to focus on:

1. Existing federal and state tax credit programs, such as: New Markets, Historic, and Low Income Housing, NC state Mill Rehabilitation Tax Credit, SC Voluntary Cleanup Tax Credit, and SC Abandoned Buildings Program, and SC Textile Communities Tax Credit;
2. The Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds and HUD 108;
3. Clean Water State Revolving Funds (CWSRF);
4. EPA Brownfields Cleanup Revolving Loan Fund (BCRLF); and,
5. Other existing tools and no-cost methods of stimulating brownfields investments, including:
  - a) Supplemental Environmental Projects;
  - b) Insurance archeology; and
  - c) Tax Increment Financing.

The second section of the report is a more expansive and global “National Survey of Brownfields-Greyfields Tools.” In this section, a series of *potential* tools are outlined from the consulting teams’ knowledge of

national best practices. Each tool or program type is summarized in concept, compared to North Carolina and South Carolina programs, and an example project is summarized to illustrate the potential. This section concentrates on well-regarded state and local programs in the areas of tax credits, grant-loan programs, tax increment financing, liability relief and regulatory programs, capacity building, green infrastructure, mentoring and technical assistance, land banks, and redevelopment authorities that have a brownfields focus.

### **About the Consulting Team**

**Cardno Inc.** – has extensive experience in providing brownfield program development, site assessment, remediation, and redevelopment assistance for local governments. Having managed and/or supported over 100 brownfield projects funded by the Environmental Protection Agency’s (EPA) Brownfields Program, Cardno provides an in-depth knowledge of both federal and state brownfield programs with an established, successful track record.

**Redevelopment Economics** – provides an economic development skillset to communities challenged by brownfields and other difficult redevelopment areas. Redevelopment Economics has particular expertise in infill/brownfields financing, and policy and program analysis.

**Ken Brown Strategic Consulting** – provides strategic, policy, and technical assistance to help local governments, non-profits, and business identify solutions that facilitate economic and community development, brownfields revitalization, energy efficiency and renewable energy, infrastructure upgrades, air and water quality improvements and other priorities..

### **Frequently Asked Questions (FAQs)**

The following is a list of frequently asked questions (FAQs) that commonly arise during brownfield-greyfield redevelopment.

[What is a brownfield?](#)

5

Brownfields are "real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant." Brownfields blight communities across the country, inhibiting economic development and contaminating the environment. Brownfield sites include unproductive and abandoned textile mills, service stations, industrial facilities, and chemical processing plants. By cleaning up these properties, local governments can protect the environment, spur economic growth, and create jobs.

[What is a greyfield?](#)

Greyfields are real property, which may be economically obsolete and, therefore, are underutilized or vacant. The term was coined due to the large asphalt parking lots usually accompanying the sites. Greyfield sites include unproductive and abandoned former strip malls, big box stores, and shopping centers. The sites generally do not have environmental concerns preventing the reuse.

[What is a greenfield?](#)

Greenfields are areas of land that have not previously been developed, such as woodlands, farmlands, or fields that are typically on the outskirts of urban areas. Many businesses and industries prefer developing greenfields to avoid the complications involved with brownfields and greyfields. Extensive development of greenfields, particularly combined with underdevelopment of brownfields, greyfields, and other infill properties, can intensify problems of urban sprawl.

[How will the community benefit from the redevelopment of these properties?](#)

The cleanup and redevelopment of brownfield and greyfield sites create productive properties, removes blight, and protects the environment. Many brownfield and greyfield sites are in unattractive, economically depressed parts of a neighborhood. Cleanup and redevelopment of the sites can encourage

higher property values and create jobs, as well as positively impact the local economy by creating a safer, healthier urban space to house businesses and residences.

#### What are the benefits of brownfield redevelopment to property owners?

In addition to providing benefits to surrounding communities, property owners that clean up and reuse their brownfield properties may benefit directly by:

- Avoiding potential environmental enforcement actions by federal, state and local regulatory agencies that could impose penalties and costly cleanups;
- Receiving tax benefits for cleaning up and reusing the property;
- Reducing the likelihood that contamination from the property will migrate off site or into the groundwater under the site, thereby limiting liability for, and long term costs of, cleaning up the property;
- Creating good will within the community;
- Reducing the potential need to address liabilities associated with the property in financial statements and Securities and Exchange Commission filings;
- Realizing an enhanced return from the property by making it more valuable and marketable.

#### Where are brownfields located?

Brownfields are found all across the country, but are concentrated primarily in urban areas. They may be former gas stations or dry cleaning facilities, or former industrial properties, where at one point hazardous substances may have been used.

#### How many brownfields are there nationwide?

According to estimates made by the United States General Accounting Office, there are as many as 425,000 throughout the U.S.; however, it is difficult to estimate with any certainty the number of brownfield properties. Other estimates suggest that there are 5 million acres of abandoned industrial property in

urban areas.

#### Are abandoned commercial properties with underground storage tanks considered brownfields?

Yes, the most common brownfield sites are closed gas stations. Underground storage tanks may threaten human health and the environment due to leaks and/or over-filling. These releases contaminate soil and groundwater, and the contamination may pose exposure risks.

#### Is a brownfield site the same as a Superfund site?

No, a Superfund site is land that is more severely contaminated and has high concentrations of hazardous waste or pollution which poses a real threat to human health and/or the environment. Brownfields pose less of a serious health or environmental threat.

#### What are All Appropriate Inquiries?

EPA's definition of All Appropriate Inquiries is "the process of evaluating a property's environmental conditions and assessing potential liability for any contamination." All Appropriate Inquiries requirements are applicable to any party who may potentially claim protection from CERCLA (also known as Superfund) liability as an innocent landowner, a bona fide prospective purchaser, or a contiguous property owner. Evaluations conducted under these standards must be conducted or updated within 180 days prior to the date of acquisition of a property.

#### What is a Phase I and Phase II Environmental Site Assessment?

The primary goal for a Phase I Environmental Site Assessment this activity is to make an "appropriate inquiry into previous ownership and use of the property consistent with good commercial or customary practice." A Phase I Environmental Site Assessment is generally performed by the current owner or prospective purchaser. This is a vital part of commercial and industrial property transactions

where potential liability is a concern and is most often required by lenders and attorneys prior to finalizing a real estate transaction. Phase I Environmental Site Assessments are conducted according to guidelines established in the American Society for Testing & Materials (ASTM) Standard Practice for Environmental Site Assessment (E 1527) and EPA's All Appropriate Inquiries Rule. There are four primary components to the Phase I Environmental Site Assessment: Records Review, Site Reconnaissance, Interviews, and Report Preparation. The Phase I Environmental Site Assessment report will include a statement as to evidence of recognized environmental conditions. Phase I Environmental Site Assessments do not include sampling or chemical analysis of soil, groundwater or other media. Where concerns are identified, recommendations for Phase II Environmental Site Assessment activity are generally included in the report.

Phase II Environmental Site Assessments include site-specific sampling and chemical analyses to characterize the occurrence, distribution, nature and extent of hazardous compounds in soil and groundwater at a property. Phase II Environmental Site Assessments generally provide the necessary information needed to determine if cleanup activities are warranted on the property.

#### [What is the role of insurance in brownfields transactions?](#)

Insurance can help reduce the risk for many of the key players in a brownfield transaction, thereby facilitating cleanup and redevelopment. For example, insurance can reduce the risk to a property owner who wants to sell a property but is concerned about potential liability for environmental contamination discovered after the sale. Insurance can also help reduce a prospective buyer's risk of potential liability for cleanup or for personal injury and property damage claims. These and other kinds of insurance are increasingly helping to encourage lenders to provide loans for contaminated properties. In

addition, insurance can be used to reduce the risk of potential liability of cleanup contractors. The new insurance products vary based on the particular policy and insurer, but the following general types of insurance are most commonly used in brownfield transactions: cleanup cost cap insurance, environmental impairment insurance and secured creditor insurance.

#### [How clean is clean - must a brownfield site be cleaned up to pristine conditions?](#)

The extent of cleanup will vary considerably depending on the type, amount and area of contamination, and the cleanup standards used by the specific regulatory program that governs the cleanup. In addition, a key factor in determining the level of cleanup is whether the use of the property is taken into account in setting cleanup standards. For example, if a property is slated for industrial use, the cleanup standards may be less stringent than if the property were to be used for residential purposes, because the level of exposure to the contaminants will be less.

#### [How are brownfield redevelopment projects funded?](#)

There are many sources of funding available for brownfield projects. Several federal agencies like the US Environmental Protection Agency (U.S. EPA) and the Department of Housing and Urban Development (HUD) award grants to help cleanup, assess, and redevelop brownfields. There are more than two dozen federal agencies that provide brownfield funding.

#### [What is an EPA Brownfields Assessment Project?](#)

There are more than a thousand brownfields assessment projects across the country with each funded over a three-year period by the U.S. Environmental Protection Agency. The funds are used to bring together property owners, community groups, investors, lenders, developers, and other affected parties to address environmental site assessment and cleanup planning issues.

### What does the program offer property owners?

Participation in the EPA Brownfield Grant Program by the private sector is voluntary. The program helps move properties towards redevelopment by conducting environmental site assessments and identifying/removing the environmental risk/uncertainty associated with the property. With the funds from the EPA, the grant recipient is able to pay for environmental site assessment activities on properties, where the current owner or prospective purchaser is unwilling and/or unable. Program participation is particularly helpful where a property is perceived to have an environmental problem, although one may not actually exist.

### Why would property owners want to participate?

Participation in an EPA Brownfields project brings resources to the property owners and prospective purchasers that facilitate re-development. The project can help clarify environmental concerns and plan redevelopment to address real or perceived environmental issues.

## OPPORTUNITIES FOR BETTER UTILIZATION OF EXISTING FINANCING RESOURCES

In this section, the focus is on in-depth analysis of several existing financing sources, particularly stressing opportunities to make better utilization of these resources in the study area. Each program outlined below was examined with reference to:

- Program description, eligibility, and benefits;
- Program evaluation factors, such as the degree to which the incentive can be used to overcome typical brownfields hurdles and whether the incentive can be combined with other incentives in order to fill the typically larger gaps present in brownfield sites;
- Case studies of sites (usually in North Carolina and South Carolina) that have benefitted from the program

At the end of each category of programs there is an outline of action steps that are recommended in order to achieve better utilization of the incentive or a better match up between the incentive and brownfields in the study area.

### Federal Tax Credit Programs

The Federal government offers three important tax credit programs that are used on brownfield sites:

- New Market Tax Credits
- Low Income Housing Tax Credits
- Federal Historic Rehabilitation Tax Credit

Note: the [Federal Historic Rehabilitation Tax Credit](#) is addressed in the sections, below, for the state historic tax credit programs.

#### [New Market Tax Credits](#)

In order to spur revitalization efforts of low-income

#### *Interviews and consultations for the tax credits section:*

- Gail Jeter, former Brownfields Coordinator, SC Department of Health and Environmental Control; now Brownfields Specialist with Cardno
- Tammy C. Propst, President, Tax Advantage Group
- Holton Wilkerson, Managing Partner, Community Smith
- Charles Bartsch, Senior Program Advisor for Economic Development, US EPA
- Burnie Maybank, attorney, Nexsun-Pruet

communities, the New Market Tax Credit (NMTC) Program provides tax credit incentives to investors for equity investments in certified Community Development Entities (CDEs), which invest in low-income communities. The credit equals 39% of the investment paid out (5% in each of the first three years, then 6% in the final four years, for a total of 39%) over seven years (more accurately, six years and one day of the seventh year). A Community Development Entity must have a primary mission of investing in low-income communities and persons.

Real estate projects are eligible for NMTC and generally recoup up to a 20 percent subsidy through the mechanism.

#### [Program Summary](#)

A business must meet the following two eligibility requirements to qualify:

1) The business must be located in either a census tract with a poverty rate of at least 20 percent OR a census tract with a median income that does not exceed the greater of 80 percent of the median income for the MSA, or 80 percent of the statewide median income. However, there is a strong preference for sites/businesses located in areas that qualify for “deeper distress” criteria:

- Poverty level of at least 30%, or
- Median household income below 60% of state or area median income, whichever is greater
- Unemployment Rate exceeds 1.5 times national rate

2) The business must have a substantial connection to that location, as measured by the following criteria: at least 50 percent of the business’s income must be derived from activity in a low-income community; a substantial proportion of the business’s property must be located in a low-income community; the employees of the business must perform a substantial proportion of their work in the low-income community; and less than 5 percent of the business’s assets can be held in unrelated investments.

The following CDE’s have current allocations in North Carolina and South Carolina:

Brownfield Revitalization, LLC Raleigh, NC	Bret Batchelder (919) 743-2530 <a href="mailto:bbatchelder@cherokeefund.com">bbatchelder@cherokeefund.com</a>
Self-Help Ventures Fund Durham, NC	Amanda Frazier Wong (919) 666-7089 <a href="mailto:amanda.frazierwong@self-help.org">amanda.frazierwong@self-help.org</a>
CAHEC New Markets, LLC Raleigh, NC	Brian S Oxford (919) 420-0063 <a href="mailto:boxford@cahec.com">boxford@cahec.com</a>
TD Community Development Corporation Greenville, SC	Corey Buchanan (864) 552-9046 <a href="mailto:corey.buchanan@td.com">corey.buchanan@td.com</a>
Greenville New Markets Opportunity II, LLC Greenville, SC	Tammy C Propst (864) 271-2737 <a href="mailto:tpropst@taxadvantagegroup.com">tpropst@taxadvantagegroup.com</a>

The following chart illustrates the flow of funds and the central role of CDE’s.



Many additional CDE’s operate nationally. CDFI has a CDE searchable data base: <http://www.cdfifund.gov/awardees/db/index.asp>

Program Evaluation

Tax credit monetizing and syndicating entities indicate that NMTC can be combined with both state and federal historic tax credits, as well as state Mill credits. Although issuing costs can lower the relative productivity of the various layers of tax incentives, the potential to combine New Markets with Historic AND State Mill credits creates the potential to cover project gaps that are over 50 percent of total project costs. The IRS issued guidance in 2002 that explicitly allows for the twinning of the Historic Tax Credits and NMTC, and “twinning” historic and New Markets is actively promoted by the National Historic Trust.

Brownfield site assessment, remediation, and site prep are eligible expenses for New Markets. CDE’s that list designated brownfield sites in their site targeting get one point (out of 25 points) in the “Community Outcomes” section of the CDE application.<sup>1</sup> Brownfield Revitalization, LLC is the only North Carolina or South Carolina CDE that targets brownfield projects; however, the consulting team spoke to two other CDE’s (Self-Help

<sup>1</sup> <http://www.cdfifund.gov/docs/nmtc/2014/Application%20Materials/2014%20Final%20NMTC%20Application.pdf>



Ventures Fund and Greenville New Markets Opportunity II, LLC), and both would welcome possible involvement with brownfield projects.

### Example Projects

#### American Tobacco, Durham, NC –



*American Tobacco was redeveloped with an infusion of New Markets Tax Credits*

One of the most frequently cited NMTC success stories is the American Tobacco project in Durham, NC. It was written up by an affiliate of the National Historic Trust as a model for “twinning” NMTC with Historic Tax Credits:

*Phase I involved the redevelopment of seven properties into 614,000 gross square feet of class A office and retail space. The \$65 million Phase II includes an adaptive re-use of four existing historic structures into 50 apartments, 12 condominiums and 170,000 square feet of commercial office space. The coal shed structure will be glassed in and made into a high-end restaurant encompassing 6,300 to 10,000 square feet. Phase III of the American Tobacco Historic District will be home to a new 2,800 seat performing arts theatre, 450 new residential units, 12,000 square feet of commercial office space and 40,000 square feet of retail and restaurants. It is 92% leased to high quality tenants including Duke University, advertising*

*firms, software companies and smaller businesses... The project received \$12.9 million in historic and new markets tax credit equity.*<sup>2</sup>

Total investment stands at \$150 million with 3,000 permanent jobs.

Another source describes the catalytic impacts of the project, as follows: “Less than one significant development project was completed downtown each year during the 17 years American Tobacco sat vacant (1987-2003). In the five years following the opening of Phase I (2005-2009), 16 major projects were completed, a pace of more than three per year.”<sup>3</sup>

**RiverWalk, Greenville, SC:** The former electrical distribution company site was redeveloped for 44 affordable apartments, 11 artist studios/work spaces, and ground floor retail. A fact sheet for project states that “RiverWalk was “the ‘first in’ redevelopment initiated in the West End since the recession began in 2007, providing the first apartment units to be constructed in the Central Business District in decades.” Greenville New Markets Opportunity, LLC was the “Hometown” CDE that facilitated the \$17 New Markets allocation. A post-redevelopment success was the addition of Rick’s Deli and Market in the ground floor retail space. Locally owned and operated, Rick’s Deli and Market expects to employ 30 people in this low income community.

### Key Documents

For more information, visit:

IRS website:

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<sup>2</sup> Note this refers to only one of several NMTC placements for the American Tobacco Project: <http://ntcicfunds.com/projects/american-tobacco-historic-district-durham-nc/>

<sup>3</sup> [http://www.novoco.com/new\\_markets/resource\\_files/reports/selfhelp\\_casestudy\\_0310.pdf](http://www.novoco.com/new_markets/resource_files/reports/selfhelp_casestudy_0310.pdf)

<http://www.irs.gov/Businesses/New-Markets-Tax-Credit-1>

CDFI Fund:

[http://www.cdfifund.gov/what\\_we\\_do/programs\\_id.asp?programID=5](http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=5)

### Low Income Housing Tax Credits

The Low Income Housing Tax Credit (LIHTC) is a dollar-for-dollar tax credit for affordable housing investments.

#### Program Summary

The process usually involves, in summary:

- Each state gets a fixed allocation of credits based on its population;
- States allocate credits to projects through a competitive process;
- A tax credit, or equity, syndicator connects private investors with developers seeking cash for a qualified LIHTC project.

To be eligible projects must set-aside at least:

- 20% of the residential units in the development are both rent restricted and occupied by individuals whose income is 50% or less than the area median gross income, or
- 40% of the residential units in the development are both rent restricted and occupied by individuals whose income is 60% or less than the area median gross income.

There is a 30 percent boost in the credit for sites in areas of particularly high poverty or high building costs.

#### Program Evaluation

Eligible costs include all hard costs, as well as depreciable soft costs; thus, remediation would be eligible. North Carolina's Qualified Allocation Plan has a 10 percent "redevelopment set-aside," and brownfields projects would presumably qualify if there is at least one existing

building on the site.<sup>4</sup> South Carolina grants points for rehabilitation projects.

At least one state (New Jersey) grants extra points in the project ranking system for brownfield sites.<sup>5</sup>

Low Income Housing Tax Credits are often layered with other tax credits; however, there may be adjustments to the project's basis of eligible expenditures.

#### Example Projects

**Glen Rock Hotel, Asheville, NC:** An EPA fact sheet describes the project as a model for affordable housing on a brownfields site. EPA brownfields involvement included both site assessment and job training funding. The \$3.1 million project converted a vacant dilapidated hotel into 22 affordable housing units and 12,000 square feet of commercial space.

#### Minvilla Manor Historic Rehabilitation - Knoxville, Tennessee:

Although not originally identified as a brownfields project, the transformation of Minvilla Manor led to new interest in a distressed under-served neighborhood, and revived planning efforts got a huge boost by virtue of the City getting a Brownfields Areawide Planning Grant. The project involved taking a dilapidated former motel and redeveloping it for 57 units of affordable housing with supportive services.

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4

<http://www.nchfa.com/Forms/QAP/2015/FirstDraft2015QAP.pdf>

5

[http://www.njhousing.gov/dca/hmfa/media/download/tax/qap/tc\\_qap\\_adopted\\_qap.pdf](http://www.njhousing.gov/dca/hmfa/media/download/tax/qap/tc_qap_adopted_qap.pdf)



*Minvilla Manor, Knoxville revived by using Low Income Housing Tax Credits*

The \$7 million project also illustrates how an affordable housing project can layer Low Income Housing Tax Credits, Historic Tax Credits and CDBG assistance:<sup>6</sup>

- Low-Income Housing Tax Credits - \$2,372,000
- Historic Tax Credits - \$1,220,000
- Neighborhood Stabilization Program - \$975,000
- Community Development Block Grant - \$810,000
- HUD Supportive Housing Program - \$250,000
- Tennessee Housing Development Authority Housing Trust Fund - \$300,000
- Other - \$600,000

### Key Documents

For more information, visit:

North Carolina Housing Finance Agency:

<http://www.nchfa.com/Rental/RDweoffer.aspx>;

Fact sheet:

<http://www.nchfa.com/About/facts/lihtcfactsheet.pdf>

South Carolina Housing Finance:

[https://www.schousing.com/Housing\\_Partners/Tax\\_Credits](https://www.schousing.com/Housing_Partners/Tax_Credits)

## South Carolina Tax Credit Programs

South Carolina has four important tax credit programs that are used on brownfield sites:

- Brownfields Voluntary Cleanup Credit

<sup>6</sup> See:

[http://huduser.org/portal/casestudies/study\\_061220\\_12\\_1.html](http://huduser.org/portal/casestudies/study_061220_12_1.html)

- Textiles Communities Revitalization Act (Mill Tax Credit)
- Historic Tax Credit - Income-Producing Historic Buildings
- Abandoned Buildings Tax Credit

### Brownfields Voluntary Cleanup Credit

South Carolina allows a credit against corporate income taxes due for costs of voluntary cleanup activity by a non-responsible party pursuant to the Brownfields Voluntary Cleanup Program in South Carolina Code Title 44, Chapter 56, Article 7.

#### Program Summary

The maximum credit is the lesser of 60 percent of cleanup costs or \$300,000, as follows:

- The “basic” credit amount is equal to 50% of the cleanup expenses paid or accrued or cash contributions for site cleanup conducted during the tax year the tax credit application is submitted, not to exceed \$50,000 in a tax year.
- Any unused credit, up to \$100,000, may be carried forward 5 years.
- An additional credit equal to 10% of the total cleanup costs, not to exceed \$50,000, is allowed in the final year of cleanup, as evidenced by the South Carolina Department of Environmental Control (DHEC) issuing a certificate of completion for the site.

Multiple taxpayers working jointly to clean up a single site are allowed the credit in the same proportion as their contribution to the payment of cleanup costs. The credit is claimed on Form TC-20, “Credit for Expenses Incurred through Brownfields Voluntary Cleanup Program.” The following requirements apply to the credit:

- The taxpayer must have entered into a non-responsible party voluntary contract with DHEC as provided in South Carolina Code §44-56-750.
- The taxpayer must file a tax credit certificate application annually with DHEC in order to obtain a tax credit certificate. Information included with the

application form must include: (a) copies of contracts, invoices or payment records involving the actual costs incurred for the tax year related to the site rehabilitation and (b) a copy of an independent certified public accountant report attesting to the accuracy and validity of the cleanup costs.

The credit is “automatic” in the sense that there is not a “needs test” or public benefit test. In other words, if all three elements qualify (the applicant, the site, and the expenditures) the tax credit is automatic. There is no overall program cap in South Carolina.

There is no explicit double-dipping prohibition; so the tax credit can be combined with other tax credits, including those which may be counting remediation expenditures.

### Program Evaluation

Reports are that the program has not been used widely to date. There are several projects in planning that are likely to take the credit; however, those familiar with these pipeline projects did not want to divulge any details about the sites.

Interviewees offered several reasons that the program has not been more fully utilized:

- The program is a credit only against the corporate income tax; other state taxes are not affected;
- The credit is not transferable or refundable; therefore, entities that do not have sufficient corporate tax liability are unable to take advantage of the program. Additionally, non-profit entities cannot participate;
- The per-project ceilings are too low and result in a lack of interest among sites where cleanup costs are exceptionally high; and,
- The time frames specified are too short for many projects.

These issues are also outlined in a paper entitled, “Eyes on the Prize, A new approach to South Carolina’s Voluntary Cleanup Program,” by Kristin Pawlowski and available at:

<http://www.law.sc.edu/environmental/papers/200641/elsc/pawlowski.pdf>

### Key Documents

For more information on the Brownfields Voluntary Cleanup Credit, visit:

<http://www.scdhec.gov/HomeAndEnvironment/Pollution/CleanUpPrograms/BrownfieldsCleanupLoanFund/>.

Statute: South Carolina Code §12-6-3550.

### Textiles Communities Revitalization Act

This law provides financial incentives for the "rehabilitation, renovation, and redevelopment of abandoned textile mill sites located in South Carolina." The program is often referred to as the “Mill Tax Credit.”

### Program Summary

An eligible textile mill site is defined in the 2008 law as the “textile mill together with the land and other improvements on it which were used directly for textile manufacturing operations or ancillary uses. However, the area of the site is limited to the land located within the boundaries where the textile manufacturing, dying, or finishing facility structure is located and does not include land located outside the boundaries of the structure or devoted to ancillary uses." Abandoned is defined as "at least eighty percent of the textile mill has been closed continuously to business or otherwise nonoperational as a textile mill for a period of at least one year immediately preceding the date on which the taxpayer files a 'Notice of Intent to Rehabilitate.'”

The law offers two types of credit options:

- 25% credit against real property taxes, or
- 25% state income tax or corporate license fee credit

Both credits are calculated on rehabilitation expenses, which are "expenses or capital expenditures incurred in the rehabilitation, renovation, or redevelopment of the textile mill site." The credits are based on the final costs, which must fall within 80 and 120 percent of the estimate of the rehabilitation expenses provided in the “Notice of Intent to Rehabilitate.” Site assessment and remediation expenses (both in-building and land-based) appear to be eligible expenses.

In contrast to the North Carolina Mill Tax Credit, properties that qualify for the state historic tax credit for rehabilitation can also take advantage of the South Carolina Mill Credit. Tax credit monetizing and syndicating entities indicate that the credit can be combined with any of the other tax credit programs referenced here, except the Abandoned Buildings Tax Credit.

The tax credit is not transferable. The law specifies time frames and limits on how each credit can be used:

- The state income tax or corporate license fee credit must be taken in equal installments over a 5 year period, beginning when the property is placed in service. Any unused portion of a credit installment may be carried forward for the succeeding five years. The new law limits the use of this credit to 50 percent of the taxpayer's state income tax liability or corporate license fees.
- The state income tax credit earned by a general partnership, limited partnership, limited liability company or other entity taxed as a partnership must be passed through to its partners, and may be allocated among any of its partners, including allocation of the entire credit to one partner, in a manner agreed upon by the partners.

### Program Evaluation

Tax credit experts interviewed for this report indicated that the tax credit is relatively inefficient, i.e., the amount that is recouped for the project is a lower percentage of the total tax credit amount, compared to other similar credits. This is due to:

- Lack of transferability;
- The five year window for taking the credit (inefficient because tax-paying entities cannot predict their outer year tax liabilities); and
- The 50 percent ceiling means that more entities must be brought into the partnership in order to take full advantage of the credit.

### Example Project – Monaghan Mill, Greenville

15

There are numerous successful mill redevelopment projects in South Carolina. The Mill Tax Credit was part of the financing for the Monaghan Mill, now the Lofts of Greenville.



*Monaghan Mill in Greenville restored with funding from the SC Mill Tax Credit*

The 2012 redevelopment carved out 190 lofts with a swimming pool. The \$15 million development received \$10.2 million tax credits (State Mill Credit and state and federal Historic Tax Credits) of which \$6 million represented cash into the project.

### Key Documents

The original law (Sections 6-32-20 to 6-32-50) went into effect on May 11, 2004, and the replacement law (Sections 12-65-10 to 12-65-45) went into effect June 12, 2008.

For more information, visit:

<http://shpo.sc.gov/programs/tax/Pages/TextileMill.aspx>.

### Historic Rehabilitation Tax Credit

In South Carolina, the State complements the 20 percent Federal Historic Rehabilitation Tax Credit with an additional 10 percent state tax credit for the rehabilitation of income-producing historic buildings.

### Program Summary

The building must be:

- Listed individually in the National Register of Historic Places, or located within a National Register-listed historic district and certified by the National Park Service as contributing to the

significance of the district (by contributing to the district's historic character and retaining its historic appearance).

- After rehabilitation, the tax credit recipient must own the building and use it to produce income for 5 years.

The costs of the rehabilitation work must be "substantial." This means your rehabilitation costs during a 24-month period must be more than \$5,000 and greater than the adjusted basis of the building. The adjusted basis of the building is usually the purchase price, minus the cost of the land, plus the value of improvements already made, minus depreciation already taken.

Qualified rehabilitation expenditures include costs associated with:

- Exterior and interior work undertaken on the historic building, architectural and engineering fees, site survey fees, legal expenses, development fees, and other construction-related costs, if they are added to the basis.
- Qualified rehabilitation expenditures do not include acquisition costs, furnishings, new additions that expand the volume of the existing building, new building construction, and parking lots, sidewalks, and landscaping.

State and federal historic tax credits can be layered with all of the tax credit programs referenced here.

### Program Evaluation

The state credits are not transferable, which is considered a limiting factor. From a brownfields perspective, building-related cleanup costs are eligible but site cleanup is not.

### Key Documents

South Carolina Historic Rehabilitation Incentives Act (Section 12-6-3535)  
<http://www.scstatehouse.gov/code/t12c006.php>

For more information, visit:  
<http://shpo.sc.gov/programs/tax/Pages/Income.aspx>.

### South Carolina Abandoned Buildings Revitalization Act

In 2013 the General Assembly passed legislation that holds promise to accelerate brownfields and greyfields investments in South Carolina.

#### Program Summary

The Abandoned Buildings Tax Credit Program offers incentives similar to the Mill Credit, but available to a wider group of vacant properties.

The Act defines an abandoned building as one that is:

- at least 66 percent vacant for the past five years;
- nonoperational for income-producing purposes;
- may not be a single-family residence; and
- a building listed on the National Register for Historic Places when used solely for storage or warehousing.

The investor using the tax credit may not be the owner at the time of the abandonment.

Eligible rehabilitation expenses' includes expenditures incurred in the rehabilitation, renovation, or redevelopment of the building site, including the demolition, renovation, or redevelopment of existing buildings, environmental remediation, site improvements, and the construction of new buildings and other improvements on the building site, but excluding the cost of acquiring the building site or the cost of personal property located at the building site.

There are investment thresholds that range from a minimum of \$75,000 for communities with populations of less than 1,000 persons to \$250,000 for investment within jurisdictions with a population over 25,000.

Similar to the Mill Credit, the Abandoned Buildings Credit offers an income tax and a property tax option:

- Income tax credit - credit equals 25 percent of actual expenses, but the credit may not exceed \$500,000. The credit must be taken over five years beginning with the tax year the building is placed into service after rehabilitation.
- Property tax credit – credit equals 25 percent of

actual expenses, but the credit may not to exceed 75 percent of the real property taxes due on the building. The credit may be taken up to eight years beginning with the tax year building is placed into service.

### Program Evaluation

Tax credit monetizing and syndicating entities indicate that the credit can be combined with any of the other tax credit programs referenced here, except the South Carolina Textile Mill Credit. For brownfields sites, assessment and remediation expenses (both in-building and land-based) appear to be eligible expenses.

### Key Documents

South Carolina Abandoned Buildings Revitalization Act: [http://www.scstatehouse.gov/sess119\\_2011-2012/bills/4802.htm](http://www.scstatehouse.gov/sess119_2011-2012/bills/4802.htm).

For more information, visit: <http://www.masc.sc/legislative/Pages/SC-Abandoned-Buildings-Revitalization-Act.aspx>.

## North Carolina Tax Credit Programs

In 2014, North Carolina has two important tax credit programs that are used on brownfield sites:

- Mill Development Tax Credit
- Historic Tax Credit - Income-Producing Historic Buildings

However, the North Carolina legislature eliminated the tax credits as part of a broader tax reform package passed for 2015. Therefore, the tax credits are scheduled to sunset at the end of the year. The programs are still described and analyzed in the following sections.

### Mill Development Tax Credit

Similar to South Carolina's tax credit, this law provides financial incentives for the redevelopment of abandoned textile mills.

### Program Summary

Mill Credits are either 30% of qualified expenditures for tier 3 counties or 40% of qualified expenditures for tier 1 and 2 counties.

Eligible sites are those that:

- were used as a manufacturing facility or for purposes ancillary to manufacturing, as a warehouse for selling agricultural products, or as a public or private utility;
- are certified as an historic structure and eligible for the federal historic tax credit;
- have been at least eighty percent (80%) vacant for a period of at least two years immediately preceding the date the Eligibility Certification is made; and
- reach a qualified investment threshold of \$3.0 million.

### Program Evaluation

Although not transferable, syndicators comment that the credit is relatively "efficient" (the amount that is recouped for the project is a relatively high percentage of the total tax credit amount) compared to the South Carolina Mill Credit. The reasons are that:

- Credits may be used against 100 percent of a taxpayer's NC corporate income tax, individual income tax, bank income or franchise taxes, as well as insurance premium taxes;
- Credits are claimed in the year the project is placed in service; and
- There is limited recapture.

Tax credit monetizing and syndicating entities indicate that the credit cannot be combined with State Historic Tax Credits, but could be potentially combined with federal tax credits (New Markets and Historic).

The program appears to use the same qualified expenses definition as the historic tax credit program, which means that in-building remediation is eligible but land cleanup is not.

### Example Project – Revolution Mill

A large scale example that involves both brownfields

impediments and layering of tax credits is Revolution Mill in Greensboro.



*Revolution Mill, Greensboro aided by the expiring NC Mill Development Tax Credit*

The 630,000 square foot former textile mill is being redeveloped by Self-Help Ventures. Earlier iterations have brought piecemeal improvements to the property, but Self-Help now hopes to complete the entire campus.

The property is in the North Carolina Voluntary Cleanup Program, which will generate liability protection and cleanup certification, as well as eligibility for a property tax credit. Now underway are \$4 to \$6 million in improvements just to shore up dilapidated structures, while a permanent re-use plan is developed (a mix of commercial and residential uses is under consideration). The financing structure envisions a combination of the North Carolina Mill Credit (they are grandfathered in), the federal historic tax credit, and New Markets Tax Credits.

The end result is expected to be comparable to the American Tobacco Campus in Durham, another brownfields-historic preservation success story that now generates about \$150 million for Durham's tax base, with more than 3,000 employees coming to the campus each week (detailed above in the New Markets Tax Credit section)

### Key Documents

Statute:

18

[http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/BySection/Chapter\\_105/GS\\_105-129.70.html](http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/BySection/Chapter_105/GS_105-129.70.html).

For more information, visit:

<http://www.hpo.ncdcr.gov/millcredits.htm>.

### Historic Rehabilitation Tax Credits

Historic tax credits are issued by the state of North Carolina for qualifying rehabilitation projects within the state.

### Program Summary

The state grants a 20% state tax credit for rehabilitations of income-producing historic properties that also qualify for the 20% federal investment tax credit. In effect, the combined federal-state credits reduce the cost of a certified rehabilitation of an income-producing historic structure by 40%. Specifically,

- Credits flow for five years and must be allocated to the same taxpayers for the five-year period.
- Credits can offset 100% of a corporate, trust or individual income tax.

### Program Evaluation

Tax credit monetizing and syndicating entities indicate that the credit cannot be combined with State Mill Tax Credits, but could be potentially combined with federal tax credits (New Markets and Historic).

For brownfield sites, the program appears to use the same qualified expenses definition as the federal historic tax credit program, which means that in-building remediation is eligible but land cleanup is not.

### Example Project – Lofts in Downtown Wilson

A small scale example is two linked projects in downtown Wilson: Nash Street Lofts and Wilson Lofts. The projects replaced two vacant eyesores: the a former Western Auto and a furniture manufacturing building. Developer Community-Smith used historic tax credits as the primary gap-closing incentive. Result: two key downtown properties redeveloped for a total of 15



apartments and three live-work units.



*Wilson Lofts, Wilson, NC –  
key financing through historic tax credits*

The combined state and federal historic tax credits provided an infusion of \$875,000 out of a total project cost of \$2.3 million.

#### Key Documents

Statute:

[http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/ByArticle/Chapter\\_105/Article\\_3D.html](http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/ByArticle/Chapter_105/Article_3D.html)

For more information, visit:

<http://www.hpo.ncdcr.gov/credits.htm>.

### Action Steps for Tax Credits

All of the tax credit programs listed above can be used for brownfields projects and, in most instances, there are sites that have blazed the trail. These connections could be maximized by consideration of the following:

1. Train, inform, make connections between brownfields projects and tax credit programs

In general, brownfields projects have access to fairly small funding opportunities that have a brownfields label. Brownfield projects will suffer from “the silo effect” if they cannot be successful in accessing funds that are not identified as brownfields sources. Tax credit programs have more complexity than simple grant-loan programs and lack of understanding might be a significant deterrent to making successful connections between brownfield projects and tax credit resources. On the other hand, North Carolina and South Carolina have many ready-willing-and-able tax credit experts, covering the monetization, syndication, layering, and structuring of tax credits. There are also five CDE’s for NMTC in NC And SC. Those concerned with brownfields redevelopment should reach out to these experts and structure outreach, education, and/or training programs to make the connection.

2. NMTC: Consider administrative policy changes to maximize the connections between brownfields and tax credit programs

NMTC probably has the greatest potential to assist brownfield projects, but the connection could be strengthened by consideration of two changes at the federal level:

- Provide an operative definition for brownfields sites vis-à-vis their ranking system for “Community Outcomes.” Confusion on this point likely discourages some brownfield projects. A state sign-off, similar to the determination of eligibility for the federal Brownfields Section 198 Tax Incentive, should be considered.
  - An adjustment of the brownfields criterion to achieve greater weight to the brownfields designation.
3. Low Income Housing Tax Credits – Strengthen criteria to favor infill.

A review of the two state Qualified Allocation Plans suggests that there are opportunities to strengthen the set-asides and other criteria to bolster the commitment to redevelopment, in-fill, and brownfield-type projects, as contrasted with new/greenfields development. There is a

record of multiple community comments on this issue in North Carolina.<sup>7</sup> An interviewee for this study also noted that North Carolina tends to favor 100 percent low income projects, whereas mixed income is more desirable for infill projects.

4. Consider statutory changes to the South Carolina Brownfields Voluntary Cleanup Tax Credit

The South Carolina Brownfields Voluntary Cleanup Tax Credit Program has largely failed to achieve the desired result. The consulting team interviewed one tax credit monetizing expert who did not even know there was such a program. Experts suggested that the credit needs to be broadened to apply to other taxes in addition to corporate income, and that making the credit transferable would make many more entities able to use the tool. The prescribed timeframes should also be re-evaluated, given that progress is often dependent on state regulatory action.

A similar (but transferable) credit in Massachusetts has been documented to have assisted about 100 sites and produced \$1.9 billion in investment and more than 7,000 permanent jobs.

5. Support the reinstatement of the North Carolina Tax Credits

Both the Mill and Historic Rehabilitation Tax Credits have proven useful incentives to encourage the redevelopment of brownfields and greyfields. If North Carolina does not reinstate the tax credits, communities will be at a competitive disadvantage as developers may focus resources on other states with better tax incentives.

<sup>7</sup> See:

<http://www.nchfa.com/Forms/QAP/2013/13PublicHearingComments.pdf>; and letter dated October

15, 2012 to NCHFA from Joines, LLC.

## Community Development Block Grants and Section 108 Loans

The Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) and Section 108 funds can be used to support projects that either generate benefit to low and moderate income (LMI) households, address “slums and blight,” or “meet an

### *Interviews and consultations for CDBG/HUD 108:*

- Hugh Allen, HUD, Financial Management
- Joe Guthrie, Principal, Brightbridge, Chattanooga
- Mark Gregor, Rochester Environmental Quality Division
- David Peoples, NC Department of Commerce
- George Sherrill, NC Dept. of Commerce
- A. C. Shull, Economic Development Program Manager, City of Charlotte
- Warren Wooten, Housing Services Operations Manager, City of Charlotte
- Charles Bartsch, Senior Program Advisor for Economic Development, US EPA
- Lisa Kalspek, South Carolina Department of Commerce

urgent need.”

Eligible activities in relation to brownfields include:

- plans for redevelopment or revitalization of brownfields sites
- site acquisition
- environmental site assessment
- clearance
- demolition and removal of buildings
- rehabilitation of buildings
- removal or remediation of contamination from sites and/or buildings
- construction of real estate improvements.

### Section 108 Loans

HUD 108 allows localities to borrow against future CDBG entitlements to finance projects that are eligible for CDBG funding.

#### Program Summary

Entitlement communities can borrow up to six times their annual entitlement funding. The security for the loan must include the community's future CDBG revenues, as well as other forms of security, usually a pledge of the assets that are the target of the loan. HUD 108, as distinguished from CDBG, is usually used to:

- Finance larger projects where the need for public funding exceeds what the locality can accommodate from annual CDBG funds;
- Creation of a loan pool to finance multiple projects, for example an economic development or small business financing program, linked to creation of jobs for LMI persons.

The interest rate for HUD 108 loans in recent years have been below 1.0 percent for short-term construction financing and around 3.0 percent for permanent (20-year) financing.

#### Program Evaluation

The pledge of future CDBG funds as security for the loan causes many localities to disregard HUD 108 as a potential financing source. However, there are many ways that localities can address the risk to CDBG funds by putting other financial resources in front of CDBG in a default scenario. Some of these are:

- The asset (building and land) that is the subject of the loan;
- Developer personal guarantees or other unencumbered assets;
- A revenue stream from an unrelated source, such as parking revenues or water-sewer fees;
- A debt service reserve account to be funded from net income;
- City economic development loan funds;

- A pledge of incremental tax revenues.

### State CDBG Funding

States receive CDBG funds to serve smaller non-entitlement communities. States are also eligible for HUD 108, which is usually undertaken on behalf of one or more non-entitlement communities.

#### NC Program Summary

North Carolina uses its CDBG funding in two related rural economic development programs:

**Building Re-use Grants** - Three categories of funding are available for 1) the renovation of vacant buildings; 2) the renovation or expansion of a building occupied by an existing North Carolina company wishing to expand in their current location; and, 3) the renovation, expansion or construction of health care entities that will lead to the creation of new, full-time jobs.

**Economic Infrastructure Grants** - Provide grants to local governments to assist with infrastructure projects that will lead to the creation of new, full-time jobs. Eligible projects include but are not limited to:

- Upgrades or repair of public drinking water or wastewater treatment plants;
- Upgrades, extensions, or repair of public water or sewer lines;
- Extensions of publicly owned natural gas line (with an executed Pipeline Construction, Operating and Resale Agreement);
- Installation or extension of public broadband infrastructure;
- Construction of publicly owned access roads not funded or owned by the NC Department of Transportation; and,
- Construction of public rail spur improvements.

#### SC Program Summary

The South Carolina Consolidated Plan makes two references to brownfields in the priority statement:

*First priority - Increasing Economic Competitiveness*

- *Brownfield projects or demolition of obsolete buildings...*
- *Planning for regional infrastructure, or brownfields clean up and redevelopment, or master drainage studies*

The administrator interviewed for this study indicated that they get somewhat frequent requests for demolition of obsolete buildings, consistent with the above priority.

### Program Evaluation

Site assessment, remediation, and site prep are eligible uses of CDBG and HUD 108, and many brownfields projects have benefited from CDBG and HUD 108 funds. A 2006 survey of national CDBG data indicated that \$7.4 million was spent on remediation activities, although the suspicion is that much of this was spent on cleaning up asbestos and lead paint on sites that were not classified as “brownfields.”

The HUD contamination policy for its loan programs is a potentially complicating factor in the use of HUD funds for brownfields. Prior to 2009, HUD’s policy was dubbed “dig to clean” or essentially cleanup to pristine. In 2009, a reform was adopted that allowed for risk-based cleanups, but the policy seems to require a well-documented justification before risk-based solutions can be considered:

*If the (cleanup) costs are deemed to be exorbitant and/or the feasibility deemed impractical for remediation of on-site contamination to de minimis levels pursuant to 9.3D above, or if there is known or expected offsite contamination that poses a risk to the project site, the remediation plan may allow for incomplete removal, as described below.<sup>1</sup>*

Although this policy does not directly apply to CDBG, it likely reflects a level of bureaucratic concern with brownfields sites that inhibits HUD involvement.

A national EPA official also indicated that rather few brownfields projects are benefiting from CDBG funds. In

the study area local and state officials similarly indicated that few brownfield projects are getting CDBG funds. Those interviewed offered a number of explanations:

- Elimination of the Brownfield Economic Development Initiative (BEDI) program meant that there was no extra funding available for brownfields, and non-brownfield projects are simply easier and, arguably, a more efficient means of reaching the objectives of the HUD program;
- Concerns that the locality could become liable as a lender;
- Concerns that cleanup costs might well exceed the amount budgeted, endangering project feasibility;
- Concerns that the assets pledged as security might not be enough if cleanup costs escalate;
- Concerns that the longer pre-development time for brownfield sites might cause delays and lack of compliance with HUD’s requirements that low-mod jobs be created within two years; and,
- Many cities give greater priority to addressing vacant residential properties rather than vacant industrial-commercial properties.

Some of these concerns (for example, liability as a lender) can be allayed through an outreach and education program.

Aside from the narrow concern with brownfields, interviewed local and state officials cited only a few HUD 108 projects in recent years.

### CDBG Example Projects

Some of the more creative uses of CDBG funds for brownfields projects include:

**Brownfields-to-park, Lawrence, MA:** The five-acre Manchester Street Park was created from land that was originally used as a rail yard and, later, as a large incinerator that was considered an eyesore to members of the local community. The brownfields-to-park project successfully melded \$339,291 of CDBG funds with an EPA provided a Brownfields Cleanup Grant of \$200,000 and several state sources totaling approximately

\$500,000. The park is part of the Spicket River Greenway, a linear green space linking low-income neighborhoods and several other preexisting parks. Manchester Street Park is a vital anchor for the greenway and a catalyst for the redevelopment of underutilized mill buildings.

**Non-profit brownfields initiatives, Indianapolis, IN:** Beginning in 2002 the City of Indianapolis launched a creative approach to assist not-for-profit entities to confront brownfield redevelopment barriers. Later renamed the Indy/LISC Neighborhood Brownfield Initiative (NBI), this small grant program regularly caters to Indianapolis' strong CDC and not for profit community by offering brownfield grants up to \$10,000. Each grant requires a \$1 for \$1 match that is often supplied by Local Initiatives Support Corporation (LISC) for a maximum grant assistance of \$20,000 to launch assessment or remediation efforts. An example of the program's application form is posted [here](#).

**Senior Assisted Living, Somerville, MA:** The Visiting Nurses Association constructed a 97-unit assisted living facility and health center on a contaminated site. The project used \$100,000 in CDBG funds as a cost-containment reserve. The project also benefited from the Massachusetts Brownfields Tax Credit.

### **HUD 108 Example Projects**

HUD 108-brownfields projects, at least those that have come to our attention, tend to be larger scale redevelopment, as described below.

**Montgomery Park, Baltimore, MD:**



*Montgomery Park benefited from a HUD 108 loan*

An \$8 million HUD 108 and a \$1 million BEDI grant helped leverage private lender financing for phase I of the redevelopment of 1.3 million square feet of office space, creating 2,600 jobs, and \$42 million in project investment. The HUD national objective was elimination of slums and blight. The loan was interest-only for five years, which helped project feasibility by covering heavy upfront costs in the areas of cleanup and site prep. The transformation of the former Montgomery Ward warehouse is model green, sustainable re-use, as well as an economic driver in an economically-distressed neighborhood.

**College Town, Rochester, NY:**

A former landfill and gas station site, College-town is being developed as a University of Rochester-affiliated



*College Town, Rochester backed by HUD 108*

mixed use project. A \$20 million HUD 108 loan is a primary gap-financing source for the \$92 million project. Upon build-out, the 14-acre development project will consist of 78,000 square feet of office space, 99,300 square feet of retail space that will include a bookstore, a gourmet grocery store, and several restaurants, 150 units of market-rate rental residential units, a 2,000 space parking garage, and a 150-room hotel/conference center. The Borrower and Developer estimate that the development will create 330 full-time jobs, of which they estimate that over 80 percent will be held by low- and moderate-income persons.

**Gateway South, Baltimore, MD:** Using an \$18 million HUD 108 loan, Baltimore acquired 11 acres of mostly abandoned industrial properties on an important entry-way to downtown, adjacent to the Camden Yards sports complex. The HUD loan also financed land preparation activities, including cleanup, with the intent to make way for the Gateway South Business Park, a model green office center. The plan for repayment of the loan relied on TIF revenues derived from property taxes generated from the business park. The business park languished in the 2009-10 recession, but the site was later identified, planned, and then re-used as Baltimore's recently-opened Horseshoe Casino, representing an investment of \$442 million and creating 1,700 permanent jobs. The casino agreement created a community impact fund, amounting

24

to \$15 million annually, to be used in the adjoining neighborhoods, most of which are distressed.

**Naval Yard, Ensemble Hotel, Philadelphia, PA:** A \$1.75 million HUD 108 loan helped secure a \$34 million investment in a 172-room Courtyard by Marriott hotel. The hotel serves the Philadelphia Navy Yard, home to over 130 companies and 8,000 jobs, while encompassing 6.5 million square feet of sustainable, dynamic office and manufacturing space. The HUD national objective is LMI jobs.

### **HUD 108 Loan Pool Example Projects**

The potential to use of HUD 108 as a loan pool resource might be misunderstood, in that some local officials might assume that the entire HUD 108 loan must be drawn down at the initiation of the program, which would lead to debt service exceeding repayment until such time that all loan funds were obligated. However, a HUD 108 loan can be drawn down in increments and adjusted time frames so that there is correspondence between HUD 108 debt service and loan repayments from the projects/businesses financed. Local entities using HUD 108 as a loan pool can cover the risk of default by establishing a debt service/loan loss reserve utilizing net revenue generated from loan application fees and the interest rate spread above cost of funds.

There have been at least two attempts to use HUD 108 as a loan pool targeted to brownfields projects:

**Chattanooga, TN:** In 2005, Chattanooga received a \$10 million HUD 108, \$2 million of which was used to establish a revolving loan fund. There were two targets of the RLF: direct business loans that would produce LMI jobs; and cleaning up and redeveloping brownfields and other blighted properties. However, the program manager did not recall any brownfield projects receiving funding through this mechanism.

**Seattle, WA:** In 2003 Seattle used \$15 million in HUD 108 funds to create a loan pool targeted toward redevelopment of brownfield sites and buildings damaged by the February 2001 earthquake. Analysts were not able

find local government staff to add any detail in relation to projects funded through this mechanism.

More commonly, cities structure a HUD 108 loan pool as a somewhat broader economic development revolving loan fund targeted to small business expansion, a specific neighborhood/district, or job-producing real estate investments, for example:

**Boston, MA:** One such loan pool was the “Boston Invests in Growth” program. The \$69 million program, linked to job creation for low-and moderate income persons, assisted projects where the primary lender was lined up but the lack of mezzanine financing was preventing the project from moving forward. At least one brownfield project, the Shops at Riverwood, was funded through the program.

**High Point, NC:** Triad Economic Development Corporation is using a \$3.9 million HUD 108 to establish a small business loan fund to assist existing businesses and attract new businesses to the City’s Core City area, defined as the Southside and Macedonia neighborhoods and portions of the City’s downtown.

### **Action Steps for CDBG and HUD 108**

CDBG and HUD 108 can be useful tools for brownfield and greyfield redevelopment projects. Several of the concerns about using CDBG and HUD 108 for brownfields could be allayed through the following actions.

Brownfields education/outreach for community planners – A brownfields outreach and education program could correct misconceptions that, for example, the locality (even if acting responsibly) could become liable by providing financing for site cleanup. Similarly, concerns related to cleanup cost uncertainty can be addressed through insurance or fixed price cleanups.

Re-evaluate the HUD contamination policy – Concerns related to the HUD contamination policy should be discussed at HUD with brownfields stakeholders providing input. Further changes should be considered to clarify that risk-based cleanups are acceptable without

requiring special justification.

HUD 108 Training – In the case of HUD 108, the indications are that HUD 108 is an under-utilized financing source in the study area for ANY redevelopment (not just brownfields). The presumption here is that the risk to CDBG funds is the primary deterrent to the use of HUD 108. As outlined above, there are ways to structure project financing to protect CDBG funds. Additionally, HUD 108 can be structured as a loan pool where the risk of a default is spread out among multiple loan recipients, and an individual default can be addressed without risk to CDBG (by establishing debt service/loan loss reserve utilizing net revenue generated from loan application fees and the interest rate spread above cost of funds).

Therefore, we recommend establishing a training program for local and state government staff in the use of HUD 108. The training should stress: 1) ways to structure project financing to avoid risk to CDBG funds; and 2) ways to use HUD 108 to set up loan pools.

### **Key Documents**

For more information on the NC CDBG program, visit:

- <http://www.nccommerce.com/rd/rural-grants-programs/building-reuse>
- <http://www.nccommerce.com/rd/rural-grants-programs/economic-infrastructure>

The consolidated plans are posted:

- South Carolina: <http://www.cdbgsc.com/consolidated-plan>;
- North Carolina: [http://www.nccommerce.com/Portals/2/Documents/ConPlan/The\\_State\\_of\\_North\\_Carolina\\_Consolidated\\_Plan1.pdf](http://www.nccommerce.com/Portals/2/Documents/ConPlan/The_State_of_North_Carolina_Consolidated_Plan1.pdf).

HUD program web links:

- HUD 108: <http://portal.hud.gov/hudportal/HUD?src=/hudprograms/section108>;

- CDBG:  
[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/comm\\_planning/communitydevelopment/programs](http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/programs);
- Using CDBG and HUD 108 for Economic Development –  
[http://portal.hud.gov/hudportal/documents/huddoc?id=DOC\\_16477.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_16477.pdf)

## Clean Water State Revolving Funds

Every year the U.S. Environmental Protection Agency (EPA) and the states provide funding to capitalize Clean Water State Revolving Funds (CWSRFs). CWSRF funds are used to provide low-interest or zero-interest loans for projects that improve water quality. As the loans are repaid, funds are used for additional water quality projects.

### Interviews and consultations for this program:

- Bruce Nicholson, North Carolina Department of Environment and Natural Resources
- Amy Yersavich, Ohio EPA
- Erin Hazelton, Ohio Development Services Agency

### Program Summary

EPA allows communities, municipalities, individuals, nonprofit organizations, and private entities to apply for loans from the CWSRFs. Each state determines which entities may use its revolving loan fund resources and which projects to support. Loans are typically repaid through developer fees; recreational fees; dedicated portions of state or local government taxes; stormwater management fees; or wastewater user charges.

EPA rules allow states to use their CWSRF for brownfields projects that lead to water quality improvement. For example, brownfields projects that

address abatement of polluted runoff, control of storm water runoff, correction of groundwater contamination, or remediation of petroleum contamination are potentially eligible for CWSRF funds. Loans can be used to pay for brownfields-related activities such as excavation and disposal of underground storage tanks; capping of wells; excavation, removal, and disposal of contaminated soil or sediment; or environmental site assessments.

In addition, since 2009, states have been required to spend a portion of their CWSRF funds on projects that address green infrastructure, water efficiency, energy efficiency, or other environmentally innovative activities. In Fiscal Year 2014, the so-called Green Project Reserve requirement was 10 percent of each state's CWSRF allocation. Many brownfield projects could potentially qualify for Green Project Reserve funds.

CWSRF loans provide a number of advantages in helping to finance brownfield projects. There is often no limit on the loan amount. States usually offer low or zero interest loans, and the funds can be paid off over a 20 year period.

### Examples of States Utilizing CWSRF Funds for Brownfields

A number of states have proactively taken steps to encourage the use of CWSRF funds for brownfields. Examples include the following.

**Ohio:** Ohio has used CWSRF funds to support numerous brownfield projects, including the \$1.7 million cleanup and redevelopment of the Grant Realty site in downtown Cleveland, where the loan was used to remediate contaminated groundwater and soil at a 20-acre industrial site and prepare the site for commercial use. Repayment is coming from the income stream of a tank-cleaning operation located on the site, with a personal loan guarantee and second mortgage as collateral. The Ohio Water Pollution Control Loan Fund (the State's CWSRF) will provide low-interest loans of up to \$3 million to public and private sector entities for the clean-up of contaminated sites.

In addition, Ohio has used loan and interest repayments



from a variety of state water bond sources to create the Ohio Brownfield Fund. The Fund provides loans up to \$500,000 for Phase II Environmental Assessments. The Fund also provides loans up to \$5,000,000 for environment cleanup, including demolition associated with the cleanup of hazardous substances, asbestos, lead-based paint, and petroleum. There are no job requirements for this funding, but the borrower must show their ability to repay the loan. Both the assessment and clean-up loans can be made with deferred repayment periods, up to a 10-year term, and below-market interest rates.

**Virginia:** The Virginia Legislature established a Brownfield Remediation Loan Program in 2002 by expanding the funding activities of the Virginia Water Facilities Revolving Loan Fund (the state's CWSRF). The Virginia Department of Environmental Quality (VADEQ) is authorized to make loans from the Water Facilities RLF to public or private borrowers for the purpose of reducing groundwater contamination or reducing risk to public health. Both short-term (up to 10 years) and long-term (10-20 year) loans are available, ranging from \$10,000 to \$1,000,000.

The VADEQ has provided several brownfields remediation loans during the past decade through its state clean water revolving loan fund program. For example, Virginia provided a \$900,000 loan to Truxton Development, LLC to clean up contaminated soil and groundwater at the 25-acre former J.G. Wilson facility in Chesapeake. The property will become a mixed use development with over 600 residential units, 130,000 square feet of office, 60,000 square feet of retail and a marina located on 15 acres adjacent to the Elizabeth River.

**Pennsylvania:** Pennsylvania in 2004 expanded its use of CWSRF funds to include the remediation of brownfields. In Pennsylvania, only public entities are eligible to borrow CWSRF funds for brownfield projects. Since July 2004, the Pennsylvania Infrastructure Investment Authority (PENNVEST), together with the Pennsylvania Department of Environmental Protection (PADEP), has made several loans for brownfields projects.

27

**Project Example: Philadelphia Wholesale Produce Market:** Pennsylvania provided a low interest loan of \$11 million to remediate a 46 acre site in Philadelphia that was formerly an automobile salvage operation, scrap yard, and waste dump. This funding helped create the Phoenix Award winning Philadelphia Wholesale Produce Market, the world's largest fully refrigerated wholesale produce market. The opening of the market in 2011, which houses more than 25 fresh produce merchants, retained 1,100 jobs and led to the creation of more than 250 new jobs.



A CWSRF loan funded clean-up that led to the development of the Philadelphia Wholesale Produce Market.

The State clean water loan helped leverage more than \$200 million in public and private investment in the project, including a HUD section 108 loan and brownfields economic development grant, as well as substantial tax increment financing.

Several other state CWSRF programs give priority to water quality projects that are connected to brownfields and sustainable development. Some of these include the following:

**New Mexico:** New Mexico has a brownfields initiative that considers both redevelopment potential and water quality preservation. Redevelopment potential is based on factors, including whether or not there are potential investors, whether there is local municipal support, and whether the project is located near public transportation or commercial districts.

**New Jersey:** New Jersey has a Smart Growth Financing Program within the state CWSRF program that offers up to 75% of project costs at 0% interest with the rest offered at market rate. Projects in brownfield areas are eligible for this program.

**Maryland:** Maryland offers priority points to projects contributing to “sustainable development,” (e.g. development located near transit, brownfields, or a Department of Housing and Community Development designated Community Legacy Area).

**MD Project example: Canton Crossing –**



*Canton Crossing, Baltimore  
Rebuilt a bulkhead using a CWSRF loan*

Maryland provided a \$2 million CWSRF loan to Canton Crossing to fund bulkhead improvements in order to stop contaminated groundwater from leaching into the Inner Harbor. The \$105 million 355,000 sq ft project opened in 2014 and employs almost 1,000 persons.

**Indiana:** Indiana provides priority points if a project involves clean-up or revitalization of a brownfield in conjunction with the Indiana Brownfields Program. This provision promotes coordination between two different funding programs, as well as brownfields remediation.

**Idaho:** Idaho provides priority points for facility construction on brownfield sites.

### **North Carolina and South Carolina CWSRF Programs**

To date, neither North Carolina nor South Carolina has taken steps to utilize their CWSRF funds for brownfield

projects. According to the 2014 North Carolina CWSRF Intended Use Plan, the State expects to spend about \$50 million on CWSRF projects in Fiscal Year 2014, and it is in the process of developing its plan for the coming year. According to the 2015 South Carolina CWSRF Intended Use Plan, the State anticipates spending about \$100 million on CWSRF projects in Fiscal Year 2015.

### **Action Steps for CWSRF**

The project partners should initiate discussions with the South Carolina and North Carolina brownfields programs and Clean Water State Revolving Funds to explore the possibility of using CWSRF funds for brownfields remediation like other states have done.

### **Key Documents and Information Sources**

For more information, visit the following sources used for this section:

Brownfields Federal Program Guide:

[http://epa.gov/brownfields/partners/2011\\_fpg.pdf](http://epa.gov/brownfields/partners/2011_fpg.pdf)

Sustainability and Clean Water State Revolving Fund: A Best Practices Guide:

[http://water.epa.gov/grants\\_funding/cwsrf/upload/CWSRF-Best-Practices-Guide.pdf](http://water.epa.gov/grants_funding/cwsrf/upload/CWSRF-Best-Practices-Guide.pdf)

Brownfield Remediation Through the Clean Water State Revolving Fund:

[http://water.epa.gov/grants\\_funding/cwsrf/upload/2002\\_06\\_28\\_cwfinance\\_cwsrf\\_brownfield\\_studies.pdf](http://water.epa.gov/grants_funding/cwsrf/upload/2002_06_28_cwfinance_cwsrf_brownfield_studies.pdf)

Website on Ohio Brownfield Fund:

[http://development.ohio.gov/cs/cs\\_brownfield.htm](http://development.ohio.gov/cs/cs_brownfield.htm)

Ohio Brownfield Redevelopment Toolbox:

<http://www.epa.ohio.gov/portals/30/SABR/docs/Ohio%20Brownfield%20Toolbox.pdf>

Website on Virginia Brownfield Remediation Loan Program:

<http://www.deq.virginia.gov/Programs/Water/CleanWaterFinancingAssistance/Brownfield.aspx>

EPA Land Revitalization Newsletter – State Clean Water Loans Flow to Brownfields:

[http://www.epa.gov/reg3hwmd/bf-lr/newsletter/2005-Fall/clean\\_water\\_loans.htm](http://www.epa.gov/reg3hwmd/bf-lr/newsletter/2005-Fall/clean_water_loans.htm)

Website on Pennsylvania Infrastructure Investment Authority (PENNVEST) Brownfield Redevelopment Loans:

[http://www.portal.state.pa.us/portal/server.pt/community/available\\_funding/11211/brownfield\\_redevelopment/560728](http://www.portal.state.pa.us/portal/server.pt/community/available_funding/11211/brownfield_redevelopment/560728)

2011 Phoenix Award Fact Sheet on Philadelphia Wholesale Produce Market:

<file:///C:/Users/Ken/Downloads/2011%20Region%203%20Winner%20Philadelphia%20Wholesale%20Produce.pdf>

## Effective Use of EPA Brownfields Revolving Loan Funds

Many communities and states have established successful Brownfields Cleanup Revolving Loan Funds (BCRLFs) and utilized them as an effective tool for leveraging significant public and private investment, as well as supporting an ongoing local brownfields program. Capitalized with funding from the U.S. EPA, BCRLFs provide an ongoing source of dollars that can be used for brownfields remediation.

### Program Summary

BCRLFs provide a flexible source of funding that offer a number of benefits for promoting brownfield redevelopment:

### *Interviews and consultations for EPA Brownfields RLF:*

- David Misky, Redevelopment Authority of the City of Milwaukee, WI
- Karen Dettmer, Redevelopment Authority of the City of Milwaukee, WI
- Gilbert Gabanski, Department of Environmental Services, Hennepin County, MN
- Laura Clark, Department of Development, Cuyahoga County, OH
- Bruce Nicholson, North Carolina Department of Environment and Natural Resources
- Kate O'Hara, Land of Sky Regional Council, NC

- BCRLFs can offer loans for brownfields clean-up to private developers, non-profit organizations, and governments.
- BCRLFs can offer flexible loan products, including low or zero interest loans, loan guarantees, bridge loans, partially forgiven loans, and intragovernmental loans.
- BCRLFs can be leveraged together with other finance tools, such as tax increment financing, state and local brownfields tax incentives, New Market Tax Credits, and other incentives.
- Funds repaid to BCRLFs can be used to provide additional loans and subgrants, and to support the basic costs of running ongoing local brownfields program.

### *South Carolina Program*

The South Carolina Department of Health and Environmental Control (SCDHEC) administers a state-wide BCRLF with funding provided by EPA. Established in 2005, the South Carolina BCRLF now has more than

\$7.5 million in funding. This funding is used to make low interest loans and subgrants to local governments, non-profit organizations, and private sector entities to conduct environmental remediation at brownfield sites. The South Carolina BCRLF can make loans up to \$1 million, with varying interest rates and terms depending on the risk of the project. For nonprofit and governmental borrowers, up to 25% of a loan may be forgiven. For-profit borrowers may be eligible to receive these loans at below market interest rates. The Catawba Regional Council of Governments manages the state's BCRLF. They were selected for this role as a result of their past experience and expertise in managing revolving funds. One of the main advantages of the SCDHEC BCRLF is that it covers the entire state and is potentially available for any eligible project within the state.

So far, the state has awarded more than \$6 million to more than 15 entities across the state.

**Union, SC:** A \$370,000 loan to the City of Union, SC, enabled the community to clean up an old contaminated textile mill site and transform it into a residential community with 39 affordable housing units and 2.43 acres of new greenspace. The City plans to develop an additional 4.5 acres with a mixed use of commercial offices with residential units on the upper floors, as well as an additional 7 acres of greenspace. The BCRLF funding leveraged more than \$1.3 million in additional, local, state, and federal resources for the project.

#### **North Carolina Land of the Sky Program**

In North Carolina, the Land of Sky Regional Council manages a successful BCRLF that provides remediation funding for projects in the western part of the state.

**Salem, NC Mill Redevelopment:** Land of Sky has also provided three BCRLF loans totaling \$675,000 to clean up a former manufacturing plant, a mill, and electric plant in Salem, NC. The BCRLF funds have helped to leverage nearly \$37 million in redevelopment funding for the plan to build 150 multi-family affordable residential units and commercial office space. The redevelopment

funding includes New Markets Tax Credits, construction loans, Federal Historic Tax Credits, North Carolina Mill Rehab Tax Credits, and deferred development fees.

**Conover, NC Multi-Modal Facility:** Land of Sky provided a \$660,000 loan to the City of Conover to help clean up old furniture manufacturing plant into a multi-modal transportation center, a library with a state of the art public computer lab, and a coffee shop. In redeveloping the project they were able to preserve the historic Warlong Glove manufacturing building. The BCRLF funding helped to leverage an additional \$6.5 million in additional grants for the project. Future plans for the site include a new facility to house small businesses and 5.5 acres of passive greenspace.



Conover Station in Conover, NC

#### **Other Model State and Local Brownfields Revolving Loan Funds**

**The Redevelopment Authority of the City of Milwaukee, WI:** The Redevelopment Authority of the City of Milwaukee administers one of the most successful BCRLFs in the country. Over the past dozen years, the agency has loaned or sub-granted \$10.1 million; leveraged \$377 million in redevelopment investment, including \$49 million for environmental clean-up; made 266 acres ready for redevelopment and created 3500 jobs.

The Redevelopment Authority was created in 1958 with a mission “to eliminate blighting conditions that inhibit neighborhood reinvestment, to foster and promote business expansion and job creation, and to facilitate new

business and housing development.” The Authority conducts a number of key activities to promote redevelopment, including: preparing and implementing comprehensive redevelopment plans; assembling real estate for redevelopment; borrowing money, issuing bonds, and making loans to promote redevelopment; and condemning property (when necessary) to further redevelopment objectives.

The Redevelopment Authority offers clean-up loans ranging from \$200,000-\$1.25 million at 3.25% interest. It offers flexible terms and maturity depending on the risk of the project, such as interest-only payments for a period, 7 year terms for certain loans, and longer amortization. They often use loans for projects in tax increment districts in order to leverage tax increment financing for redevelopment. They require a 20 percent match from borrowers to make sure they have skin in the game. They use a portion of repaid principle and interest to support the staff and other basic costs of administering the local brownfields program.

The Milwaukee Brownfields Program also offers site assessment grants to offset the site investigation costs associated with land acquisition. These grants provided by the Milwaukee Economic Development Corporation to developers can be up to \$25,000 and require a 50/50 match from the recipient.

**Cuyahoga County, OH:** Cuyahoga County has a long history of successful brownfields redevelopment. They were one of the original EPA brownfields pilots and among the first to establish a BCRLF using EPA funds. The County BCRLF is administered by the County Department of Development, which has substantial experience in managing redevelopment projects and in managing, underwriting, negotiating, and promoting loans.

The County has brought together U.S. EPA Brownfields Assessment Coalition Grants and a Revolving Loan Fund Grant, and leveraged those with nearly \$1.5 billion in local, state and federal funding to assess or cleanup 243 sites over nearly 5,000 acres. This work has created over

8,000 new jobs and retained nearly 13,000 jobs. The County’s BCRLF alone has made about \$5 million in loans and subgrants, which have leveraged \$346 million in redevelopment funding, created or retained 2,500 jobs, and made 148 acres ready for redevelopment.

Cuyahoga County focuses its EPA-funded BCRLF on providing loans to municipalities and non-profit organizations because it has three other loan programs that provide low-interest loans to private redevelopers. The three other loan funds, which can all be used to support environmental remediation, include: (1) a partially-forgivable loan program that provides financing of existing site improvements and modernization of buildings; (2) a partially forgivable loan program that provides financing for environmental clean-up and demolition of abandoned, vacant, and underutilized properties; and (3) a fully forgivable loan program that provides financing to committed end users for environmental clean-up and demolition of abandoned, vacant, and underutilized properties that are adjacent to the existing end user.

The County loan programs offer a number of financing terms that can be more favorable than a bank, particularly loan terms, amortization, and interest rates. The County also can allow for a period of interest-only payments or deferred interest to help increase cash flow. The County charges a loan fee equal to 1% of the loan amount. The County requires that the site be adequately assessed so that cleanup estimates are relevant and reliable. In addition, the County is never the sole source of funding; it requires at least a 20% equity/match from borrower/subgrantee and requires proof of other sources for project costs. The County also requires that the borrower has sufficient cash flow to complete the project. Finally, the County collects loan payment on a quarterly basis (rather than monthly) in order to reduce its paperwork burden.

**Hennepin County, MN:** Hennepin County has managed its BCRLF for more than a decade. During that period, the County has made 7 low-interest loans and subgrants totaling \$3.6 million. The County uses the repayments of principal and interest to provide additional loans, and

grants for assessment and clean-up.

The County also manages a local Environmental Response Fund (ERF), which is funded by a .001% fee on every property transaction in the jurisdiction. This fee amounting to \$15 for a property transaction of \$150,000 generates \$2-2.5 million a year for the County brownfields program. The county uses the ERF funds to make grants for a variety of activities that provide community benefit, including assessment and cleanup of groundwater and evaluation and abatement of asbestos and lead-based paint. Priority is placed on locations that are intended as public or green spaces, establish affordable and moderately priced housing, and promote economic development.

To date, Hennepin County has awarded 326 ERF grants totaling \$46.4 million. The Hennepin County program has leveraged \$1.7B in private development costs, increased property values by \$437 million, increased property taxes by \$64 million over the last decade, produced 3,500 affordable and 6,500 market rate housing units, and created or retained 9,500 jobs.

The County has provided substantial support to the Surly Brewery Company, a Minnesota-based craft beer making establishment that is developing a \$20 million destination brewery on an 8 acre brownfield. The County is providing a \$500,000 ERF grant and a \$500,000 brownfield loan to help fund the nearly \$3 million needed to ready the site for redevelopment.



Construction of a new “destination” brewery on a brownfield in Minneapolis

### *Keys to a Successful Brownfields RLF*

Based on interviews and our review of successful brownfields programs across the country, we have identified the following keys to successful BCRLFs:

- Must be committed to long term success of program – takes time for projects to be completed and for funds to be repaid.
- Need fund manager with expertise in evaluating and making loans.
- Need effective outreach and marketing strategy to educate developers / potential borrowers.
- Serve a large area/regional market.
- Develop flexible range of loan products with favorable terms that can meet the needs of borrowers.
- Funds that are paid back can be used to support staff and other basic costs for an ongoing local program.

### *Action Steps for EPA RLF*

The project partners should consider establishing a regional brownfields revolving loan fund in NC and applying for a US EPA capitalization grant in 2015.

Alternatively, the partners could consider partnering with the state of North Carolina to establish a BCRLF that meets the needs of other parts of the state as well as the Centralina region.

### Key Documents and Information Sources

For more information, visit the following sources used for this section:

Unlocking Brownfields Redevelopment: Establishing a Local Revolving Loan Fund Program (EPA Primer)  
[http://www.epa.gov/brownfields/grant\\_info/rlf/bss\\_rlf\\_080708.pdf](http://www.epa.gov/brownfields/grant_info/rlf/bss_rlf_080708.pdf)

Revolving Loan Success Stories (US EPA)

[http://www.epa.gov/brownfields/success/success\\_bcrfss.htm](http://www.epa.gov/brownfields/success/success_bcrfss.htm)

Getting Your Revolving Fund Moving: Tips and Tricks from the Experts

[http://www.epa.gov/brownfields/webinar\\_files/epa-brlf-presentation-tips-and-tricks-webinar.pdf](http://www.epa.gov/brownfields/webinar_files/epa-brlf-presentation-tips-and-tricks-webinar.pdf)

EPA Region 4 Success Stories

<http://www.epa.gov/region4/rcra/bflr/success.html>

NALGEP Webinar on Keys to Successful Brownfields Revolving Loan Fund Administration:

<http://nalgep.org/news/23/15/Slides-Available-May-28th-NALGEP-Webinar-on-Keys-to-Successful-Brownfields-Revolving-Loan-Fund-Administration.html>

US EPA Brownfields Success Story on Conover Station:

<http://www.epa.gov/region4/rcra/bflr/documents/NC-Conover-Station.pdf>

Land of Sky Regional Brownfields Initiative:

<https://brownfieldsinitiative.wordpress.com/press-release/>

Website on City of Milwaukee Brownfields Program:

[www.city.milwaukee.gov/BrownfieldRedevelopment](http://www.city.milwaukee.gov/BrownfieldRedevelopment)

Website on Cuyahoga County Brownfields Program:

<http://development.cuyahogacounty.us/en-US/brownfield-redevelopment.aspx>

Website on Hennepin County Brownfield Loans:

<http://www.hennepin.us/business/property/brownfields-cleanup-revolving-loan>

## Other Brownfields-Greyfields Financing Sources with Potential for Expansion

This section outlines three additional sources of financing for brownfield projects:

- Tax Increment financing
- Supplemental Environmental Projects
- Insurance Recovery

### *Interviews and consultations for “Other Brownfields-Greyfields Financing”:*

- Laura Radcliff, Managing Director, Stifel Public Finance
- Karl Bordeaux, Principal, John KazanjianBeveridge and Diamond
- John Kazanjian, Beveridge and Diamond,
- Andrea Robertson, Indiana Finance Authority, Indiana Brownfields Program

### *Tax Increment Financing*

The basic principle behind Tax Increment Financing (TIF) is that the locality freezes the taxes at a site’s pre-development levels and then uses the expected post-development increases in taxes as a revenue stream to finance a bond or loan, which then pays for the upfront (usually infrastructure) costs. The usual TIF approach involves going to the private bond market to convert the incremental revenue stream into upfront cash for the project.

### Program Summary

TIF in North Carolina is limited to financing public infrastructure. The site must either be in a designated “urban redevelopment area” or must be “blighted, deteriorated, deteriorating, undeveloped, or inappropriately developed from the standpoint of sound community development and growth” or which “are otherwise appropriate for rehabilitation and conservation activities” or “appropriate for the economic development of the community.” Other requirements include:

- The locality must get the approval of the State Local Government Commission;
- The locality must define a development financing district and establish a development financing plan;
- Projects “outside the CBD” and not in a “tier 1” county can be no more than 20% retail;
- The TIF appears to count in terms of the locality’s debt limitations and bond ranking, and localities will be reluctant to adopt a TIF that would negatively impact their bond rating; and,
- No more than 5% of the total land mass in the locality may be in TIF districts.

In North Carolina, there have been very few official TIF districts, but quite a number of “synthetic TIF districts.” In a nutshell, synthetic TIF’s use other debt instruments and different sources of security to achieve the same redevelopment objective.<sup>8</sup> The motivation is apparently to avoid the restrictive elements of the North Carolina enabling statute. Charlotte in 2011 listed eleven total projects that it has financed through synthetic TIFs. Charlotte estimates its synthetic TIF projects will generate a net investment of \$3.678 billion.

In South Carolina, construction of affordable housing is the only non-public expenditure that is an eligible use of TIF. In South Carolina, setting up a TIF district requires

a local ordinance, redevelopment plan, and a public hearing. There are three kinds of TIF districts: blighted, conservation, and sprawl areas. The statute explicitly promotes the development of agricultural land through TIF.

### Program Evaluation

Although the team did not have access to any comprehensive database or comprehensive analysis, analysts were left with the impression that TIF in both states is used at least as often for greenfields development as brownfield-greyfields development.

### Example Projects

#### North Carolina, Buncombe County (Woodfin):

Although not a brownfields project, the Woodfin project illustrates the use of TIF to support downtown redevelopment in a small rural community. The following is from an undated TIF project summary<sup>9</sup> and information may be out-of-date:

*Woodfin was the second TIF project in North Carolina, and its financing included an initial \$12.9 million TIF bond issue—with an ultimate plan to issue as much as \$25 million. The TIF debt was issued by Buncombe County with the intent to finance various public improvements as part of a new town center in Woodfin, a small town just outside of Asheville. The TIF district’s total land area is 205 acres adjacent to Interstate 26 in western North Carolina, and the developer with whom the county is working owns approximately three-quarters of it... The project is a multi-phase development project, primarily composed of residential and office space. The planned public improvements include street upgrades, water and sewer extensions, pedestrian*

<sup>8</sup> See for example: Kara Millonzi, “What is a Synthetic Project Development Financing (aka Synthetic TIF)? Available at: <http://canons.sog.unc.edu/?p=7067>

<sup>9</sup> <http://www.sog.unc.edu/sites/www.sog.unc.edu/files/Woodfin%20TIF-summary.pdf>



walkways, and bike trail. The security pledged by Buncombe County for the TIF bonds was the incremental tax revenues, strengthened by a minimum assessment agreement between the developer, the Town of Woodfin, and Buncombe County.

**Greenville, SC:** In South Carolina, Greenville has created a number of TIF districts and lists TIF as one of the primary tools the City is using to promote redevelopment of the Textile Crescent.<sup>10</sup> A recent article largely attributed their downtown renaissance to their downtown TIF district.<sup>11</sup>

### Action Steps for TIF

From the narrow perspective of encouraging brownfields redevelopment, TIF appears to be an under-utilized tool in both states and is used for greenfields projects at least as often as brownfields-greyfields projects. That use of TIF encompasses greenfields as well as greyfields is likely not an accident, and the current review does not make any judgment as to whether the projects thus financed have been examples of well-planned growth.

North Carolina and South Carolina should consider measures that have been taken in other states that help steer TIF towards brownfield-greyfield sites:<sup>12</sup>

<sup>10</sup>

<http://connections.greenville.sc.gov/forms/boards/city-county-partnerships.pdf>

<sup>11</sup> <http://www.flagpole.com/news/news-features/2014/06/04/greenville-shows-how-athens-can-make-our-downtown-better>

<sup>12</sup> Evans Paull, "Using Tax Increment Financing For Brownfields Redevelopment," Northeast-Midwest Institute

- About 1/2 of all states allow site assessment, remediation, and (less frequently) site preparation expenditures as eligible uses of TIF funds;
- Minnesota and Maryland allow the TIF base to be reduced by cleanup costs, which has the effect of generating larger increments;
- Tennessee allows localities to pledge sales tax increments for brownfield TIF projects;
- Wisconsin makes the following exceptions for brownfield sites under the Environmental Remediation TIF program:
  - Brownfields are exempt from the area plan requirement, which allows individual sites to benefit;
  - Brownfields are exempt from debt limitations that apply to localities;
  - Localities may use "zero" as the base for publicly owned brownfields sites.
- Several states (Pennsylvania, Kentucky, and Missouri) have adopted "Super TIF programs" which involve the State pledging tax revenues derived from qualifying high impact redevelopment projects;
- Many states restrict TIF to redevelopment projects by virtue of strict blight findings or prohibitions against greenfield-type projects.

### Key Documents:

Enabling legislation:

- SC: Title 13, Chapter 7; <http://statutes.laws.com/south-carolina/title-31/chapter-7>
- NC: Project Development Financing, Chapter 159 Article 6; [http://law.justia.com/codes/north-carolina/2005/chapter\\_159/article\\_6.html](http://law.justia.com/codes/north-carolina/2005/chapter_159/article_6.html).

### Supplemental Environmental Projects

Supplemental Environmental Projects (SEPs) are environmentally-beneficial projects that can be an agreed substitute for a monetary fine due to an enforcement action. A regulated entity agrees to undertake the project, which improves, protects, or reduces risks to public health

or the environment, in further settlement of an enforcement action, but which the regulated entity is not otherwise legally required to perform.

### Program Summary

There are many individual site examples of brownfields projects that have benefit from SEP agreements; however only one state has institutionalized this practice by developing a program that links brownfields cleanups to SEPs: Indiana.

### Model Program

SEPs are used by the Indiana Department of Environmental Management (IDEM) Office of Enforcement in negotiating settlements of enforcement cases. In certain cases, IDEM agrees to allow a respondent to make a cash payment of an agreed-upon dollar amount directly to the Indiana Finance Authority (IFA) (in lieu of an assessed civil penalty) for use on a brownfield project in the city, town or county in which the violation underlying the enforcement action occurred. The Indiana Brownfields Program then coordinates with the beneficiary community to select a brownfield property at which to utilize the SEP Funds consistent with Brownfield SEP guidelines.

The goal of the Brownfield SEP program is to develop an easy way for respondents to pay enforcement penalties into a fund to be made available to the community directly affected by the respondent's environmental infraction to address contamination issues on a brownfield. When IDEM agrees to allow a respondent to settle a case with a brownfield SEP, an agreed-upon amount from a civil penalty owed to IDEM is paid directly by the respondent to the IFA for use on a brownfield project.

The Brownfield SEP Guidelines were developed to permit use of SEP funds on activities that are not typically eligible activities under traditional brownfield grants, including demolition, habitat restoration, and land acquisition, as well as site assessment and remediation.

To date approximately \$1,000,000 has been collected to

address brownfields in 19 municipalities across the State of Indiana. Available SEP awards have ranged from as little as \$1,000, allowing a municipality to secure a Phase I Site Assessment, to as high as \$270,000.

### Example Project – Gary, Indiana

The City of Gary was designated as a SEP recipient and received \$270,000 to address a brownfield in the area of the underlying violation. In coordination with the City of Gary, the enforcement respondent and the Program selected the former Straughter Body Shop to benefit from the SEP funds. The Straughter Body Shop was an active business (even as the building in which it operated was collapsing) that had become delinquent in paying its taxes. The City of Gary took title to the property through the tax sale process, and the Program leveraged American Recovery and Reinvestment Act of 2009 (ARRA) funding to help pay for underground storage tank removal and remediation. Using the combination of SEP and ARRA funds, the on-site buildings were demolished, subsurface investigation was completed, USTs were removed and remediation was conducted to transform a blighted and contaminated corner lot in a residential neighborhood into a park. In addition to contributing to cleanup of the former Straughter Body Shop, the City of Gary was able to use the SEP funding on five additional sites to remove neighborhood blight, assess potential contamination, and conduct remediation.

### Action Steps for SEP

To promote the SEP-brownfields connection, stakeholders should consider opening discussions with the two (NC and SC) State environmental agencies. Material could be forwarded from Indiana to promote the concept.

The federal Sustainable Communities Partnership should also initiate the concept with EPA. Although there have been isolated instances where SEPs have been used for brownfields projects, EPA should consider institutionalizing the concept into a defined program.

### Key Documents

Indiana’s policy on Supplemental Environmental Projects: <http://www.in.gov/legislative/iac/20080709-IR-318080539NRA.xml.pdf>

EPA Supplemental Environmental Projects: <http://www2.epa.gov/enforcement/supplemental-environmental-projects-seps>

### Insurance Recovery

Cleanup costs can sometimes be recovered from insurance companies that covered the subject business with a commercial general liability (“CGL”) policy. Even though the business may be bankrupt or not viable, the insurer can be held liable for the contamination and cleanup costs attributable to the business. Insurance recovery has generally good success rates if the releases(es) occurred sometime before 1980, the approximate time that most insurers started writing pollution exclusions. Other factors that affect the relative likelihood of success recovery include:

- Cooperative employees or business owners with knowledge of the insurance policies;
- State laws and court decision precedents

### Model Programs

#### Indianapolis



*Insurance recovery was the key to re-use of this Indianapolis plant, now 500 jobs at Major Tool and Machine*

The City of Indianapolis recently won a \$6 million insurance settlement over the Ertel Manufacturing site, which was abandoned after the company filed for bankruptcy in 2002. The following is from Evans

Paull’s (part of the consulting team) article in the Smart Growth America Brownfields Coalition newsletter:<sup>13</sup>

*This is a significant victory for Indianapolis, which has been aggressive about acquiring and cleaning up brownfield sites. In the case of the Ertel site, the City acquired the site through tax foreclosure, cleaned it up and then sold it to an adjacent business, Major Tool and Machine. Major Tool and Machine was able to expand, first by about 200 jobs and later added 300 more for a total of 500 new jobs in the area.*

*Of the settlement funds, \$800,000 will be reinvested into brownfields redevelopment. \$200,000 will be used as cost-share on a \$1 million Brownfields Revolving Loan Fund from the U.S. Environmental Protection Agency. The remaining \$600,000 will be used for programmatic support, including legal fees connected to on-going insurance recovery actions at sites where the City has or will be investing in cleanup. Indianapolis is also using insurance recovery for cleanup costs at the Titan Industries site, which the City acquired in 2006. Three to five additional sites are being considered for insurance recovery.*

*Indiana law is favorable to insurance recovery. The state’s Environmental Legal Action statute specifically authorizes the inclusion of attorney’s fees and site assessment costs as well as cleanup costs in cleanup cost recovery actions. Court decisions at the Indiana Supreme Court level have upheld insurance recovery actions relative to CGL policies, and have narrowly interpreted the “pollution exclusion” terms that often limit insurance recovery actions.*

13

<http://www.smartgrowthamerica.org/2013/08/15/indianapolis-makes-new-commitment-to-brownfields-redevelopment-thanks-to-insurance-recovery/>

**Evansville** - Another Indiana insurance recovery win took place in Evansville. The Evansville Greenway and Remediation Trust gained \$3,500,000 in insurance proceeds, as well as \$4,375,000 from other responsible parties through cost-recovery litigation to fully fund the investigation and cleanup of a contaminated former scrap yard. The successful cleanup was an integral part of the 42-mile walking/biking trail encircling the City of Evansville, Indiana.<sup>14</sup>

### ***Action Steps for Insurance Recovery***

Stakeholders could host a webinar for local brownfields and community planners to learn about the insurance recovery tool. There are a number of legal firms that have insurance recovery teams, and they would likely welcome the opportunity to present their approach.

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<sup>14</sup> See:

<http://sustainability.thomsonreuters.com/2012/09/11/brownfields-do-not-need-to-be-forever-evansville-indiana-greenway-site-a-success-story/>

## NATIONAL SURVEY OF BROWNFIELDS-GREYFIELDS TOOLS

In this section the analysis additionally considers brownfields-greyfields tools that are being used in other parts of the country and might be viewed national best practices. North Carolina and South Carolina programs are inventoried and compared to programs in other states. Typical examples of projects assisted by each tool are summarized. Wherever available, the impacts of the incentive or tool are also summarized.

### State Brownfield Incentives

#### Income Tax Credits for Site Assessment and Cleanup

**Summary:** credit against income taxes for eligible site assessment and cleanup costs

**Programs in NC:** no brownfields-specific programs, but the following real estate tax incentives are noted:

- NC 3 JC Tax Credit – Income tax credit for real estate investments leading to 200 or more jobs in Tier 1 counties. (Program recently expired)
- NC state Mill Rehabilitation tax credit - 40 percent rehabilitation tax credit

**Programs in SC:**

- Voluntary Cleanup Tax Credit: 50 percent of eligible cleanup costs can be credited up to \$50,000 per year and up to five years
- Abandoned Buildings Program - includes an income tax credit equivalent to 25 percent of eligible rehabilitation expenditures, up to \$500,000.
- Textile Mill Tax Credit – property tax or income tax credit for 25 percent of eligible rehabilitation expenditures

**Programs in Other States:** Massachusetts, Indiana, Illinois, South Carolina, Florida, and Kentucky

**Issues:** transferability, ceilings, automatic vs. needs tested

**Possible Model:** Massachusetts Brownfields Tax Credit: income tax credit for 25% to 50% of cleanup costs (the higher number linked to unrestricted use cleanups). Available only in economically distressed areas; response costs must exceed 15 percent of pre-development assessed value. There are no overall program caps; no per project ceilings, and the program is automatic (not needs tested). The tax credit is fully transferable.

**Example Project:** Worcester Gateway Park: the 12-acre Gateway Park replaced a dilapidated contaminated industrial section with new research facilities designed to advance education and research in the life sciences at Worcester Polytechnic Institute. At the halfway point the project has generated \$175 million in new investment and 440 permanent jobs.

**Impacts:** a recent impact analysis found 56 surveyed projects generated 14,000 construction jobs, 7,100 permanent jobs, \$2.0 billion in direct investment in redeveloped properties, and returned \$7.74 in direct revenues (or \$13.56 in direct and indirect revenues) for each \$1.00 of tax credit outlays.

#### Income Tax Credits for Brownfields Redevelopment

**Summary:** similar to previous, but the expenditures eligible for the tax credit include certain redevelopment expenditures in addition to site assessment and cleanup.

**Programs in NC:** NC has a State Mill Rehabilitation tax credit: In development tier one or two counties, a 40% state tax credit for the “certified rehabilitation” of income-producing historic structures that also qualify for the 20% federal investment tax credit; In development tier three counties, a 30% state tax credit for the “certified rehabilitation” of income-producing historic structures that also qualify for the 20% federal investment tax credit

**Programs in SC:**

- Voluntary Cleanup Tax Credit: 50 percent of eligible cleanup costs can be credited up to \$50,000 per year and up to five years

- Abandoned Buildings Program - includes an income tax credit equivalent to 25 percent of eligible rehabilitation expenditures, up to \$500,000; five years
- Textile Mill Tax Credit - income tax credit for 25 percent of eligible rehabilitation expenditures; five years

**Programs in Other States:** New York, Connecticut, Iowa, Missouri

**Issues:**

- Transferability, ceilings, automatic versus needs tested
- New York’s program might be too generous and severe cut backs have been proposed, but the program has survived, so far
- Connecticut, Iowa, and Missouri programs are needs tested

**Possible Model:** New York Brownfields Cleanup Program (BCP): 22 to 50 percent of Site Preparation Costs (including investigation and cleanup costs, demolition, other costs of preparing the land for buildings, and some “soft costs”); and 10 to 22 percent credit of Tangible Property Costs, including all capital costs for a new construction or a building rehabilitation project. A series of criteria determine the exact percentage of the credit – the factors give weight to (in rank order): location in distressed areas (Environmental Zones); manufacturing projects; unrestricted use cleanups and location in a Brownfield Opportunity Areas. There is a per project ceiling of \$35 million or three times site prep costs. The program is designed as an as-of-right credit with no overall program cap; however, acceptance into the program involves a series of administratively interpreted criteria.

**Example Project:** Alita Steel, Buffalo – new steel manufacturing plant, announced in September 2013, 175 jobs in a new 350,000 square feet manufacturing plant in the Riverbend Business Park, formerly the Republic Steel and Donner Hanna Coke Company operations. The

Company will produce 150,000 tons annually specialized steel casings used in the gas exploration and hydrofracking industries. Alita Steel officials specifically cited the availability of BCP tax credits as a key factor in their location decision.

**Impacts:** An impact study found 96 BCP-assisted sites have generated a little more than 15,000 permanent jobs, and \$7.0 billion in completed and planned economic reinvestment. BCP investments leverage other funds in a ratio of \$1.00/BCP to \$8.24/total funds.

BCP has assisted 16 manufacturing projects, helping generate 1,202 new jobs, 1,343 retained jobs, and almost 2.0 million sq. ft. of new or upgraded manufacturing space.

### **Brownfields Tax Rebate**

**Summary:** Tax credit similar to previous two, but the amount of the credit is based on the taxes generated by the project. These programs involve a post-development accounting process to determine what state taxes have been generated by the project; then the developer is reimbursed certain eligible costs.

**Programs in NC and SC:** None known

**Programs in Other States:** Mississippi and New Jersey

**Issues/Comments:**

- Has appeal because it is (or at least appears to be) fiscally conservative;
- Benefit is post development.

**Possible Model:** The Mississippi Economic Redevelopment Act promotes investment in designated redevelopment areas by providing an incentive to defray the remediation costs associated with cleaning up contaminated property. After approval of the remediation plan by Mississippi Department of Environmental Quality (MDEQ) and the project by the Mississippi Development Authority (MDA), all sales, income and franchise taxes collected from businesses located in the redevelopment project area would be deposited into a special fund that

would be used to reimburse developers for approved cleanup costs. The maximum reimbursement to developers is two and a half times the allowable remediation cost.

### **State Sales and Use Tax Credits/Exemptions for Brownfields or Distressed Areas**

**Summary:** sales tax exemption for certain kinds of redevelopment projects.

**Programs in NC and SC:** None

**Programs in Other States:**

- Florida exempts sites in certain redevelopment areas (including brownfields) from sales tax on building materials. (Washington State had a brownfields-specific building materials tax exemption but the program sunset in 2009.)
- Texas and a number of other states exempt businesses expanding in enterprise zones (or other distressed areas) from sales and use taxes.
- Tennessee allows localities to include sales taxes in brownfields Tax Increment Financing (TIF) projects.

**Issues/Comments:** sales and use tax exemptions are usually a secondary incentive program, supplementing more substantial incentives. Consequently, there are no success stories or impact studies that attribute brownfields investments to sales and use tax exemptions. However, the Tennessee TIF authority, with the added potential for including sales taxes was identified as a key to potential success.

### **Job Creation Tax Credit Linked to Brownfield Designation**

**Summary:** Jobs created on sites (or in areas) that have a brownfield designation are eligible for a per-job tax credit.

**Programs in NC:** None

**Programs in SC:** Additional \$1000/new full-time job – for 5 years beginning in the taxable year following the

creation of the job.

**Possible Model:** The Florida Brownfield Redevelopment Bonus Refund: is available to encourage redevelopment and job creation within designated brownfield areas. A pre-approved applicant may receive a tax refund equal to 20 percent of the average annual wage of the new jobs created in a designated brownfield area up to a maximum of \$2,500 per new job created. Refunds are based upon taxes paid by the business, including corporate income, sales, ad valorem, intangible personal property, insurance premium, and certain other taxes. No more than 25 percent of the total refund approved may be paid in any single fiscal year.

**Issues/comments:** In Florida, this is a very popular program with vast amounts of real estate getting the brownfields area designation and very large job impact numbers. A controversy developed over some projects that got the credit without doing any cleanup, and a recent amendment curtailed the program to some degree. Big box retail stores that have gotten the credit have been another source of controversy

**Impacts:** more than 230,000 acres lie within 340 designated Brownfields Areas. \$2.4 billion in capital has been invested in Florida's Brownfield areas and more than 50,000 new jobs created or projected.

**Project Examples:** a number of success stories are described on the Florida Brownfields Association website <http://www.floridabrownfields.org>.

### **Grant-loan Program Based on Annual Appropriations**

**Summary:** Provide brownfields grants and loans to high priority projects. Typically, public agencies are eligible for grants for site assessment, cleanup and sometimes redevelopment; private entities are most frequently eligible for loans, but grants are sometimes possible if channeled through public entities.

**Programs in NC:** Building Reuse Initiative: grants are

available for 1) the restoration and upfitting of vacant buildings, 2) the expansion and renovation of buildings currently occupied by manufacturing type businesses and 3) construction or renovation of health care facilities

**Programs in SC:** None known

**Programs in Other States:** Approximately 10 states have brownfields grant-loan programs based on annual appropriations.

**Possible Model:** Maryland Brownfields Revitalization Incentive Program: grants and loans to public and private entities to pay for improvements (not necessarily just site assessment and cleanup) to sites in the Maryland Voluntary Cleanup Program, but the program can only assist “Inculpable Persons.”

**Issues/Comments:** Development programs supported by annual appropriations typically suffer disproportionately in a recession.

**Project Example:** Montgomery Park - A \$2.0 million low interest loan to address lead paint abatement was a key gap financing source for the office redevelopment of the 1.3 million square foot former Montgomery Ward catalogue warehouse, which now houses 8 businesses and 3,000 employees.

### **Grant-loan Program Based on Multi-year Bond Issue**

**Summary:** Similar to previous program. Several states fund brownfields grant-loan programs based on a voter approved multi-year bond issue.

**Programs in NC and SC:** None

**Programs in Other States:** Ohio, Pennsylvania, California, (and, in the past, Michigan, New York, and Wisconsin)

**Possible Model:** Pennsylvania has passed two voter-approved bond issues, dubbed “Grow green” and “Grow green II.” The latter was a \$625 million bond issue passed in 2005 which provides \$5 million annually for brownfield remediation DCED’s

Industrial Sites Reuse Program (ISRP). The program also funds: Main Street and Downtown Redevelopment Grants; abandoned mine reclamation; water quality and habitat restoration; rural and farmland land preservation; and capital improvements in state parks.

**Issues/Comments:** Large-scale bond issues require politically diverse and strong backing. While Pennsylvania and Ohio have renewed their programs, at least three other states had one-time bond issues that were not renewed.

**Impacts:** A 2006 Pennsylvania report found \$230 million investment in land recycling has cleaned up 950 sites, created or retained 27,000 jobs.

**Example Project:** Bethlehem steel site, Bethlehem, PA - the mixed industrial commercial redevelopment is about halfway to the objective of providing 6000 new jobs, \$70 million a year in taxes and more than \$1.5 billion in investments. There have been several notable green job success stories. The state’s investments total \$700 million (this includes ISRP funds, but the largest funding sources are in the infrastructure category).

### **Pooled Environmental Insurance Program**

**Summary:** State negotiates a reduced rate for environmental insurance by batching/pooling projects (no subsidy).

**Programs in NC and SC:** None

**Programs in Other States:** Ohio, Wisconsin.

**Possible Model:** Ohio Voluntary Action Program Environmental Insurance Program: the program pools projects that need environmental insurance and leverages a 10 percent savings relative to typical costs. Three insurance carriers are participating. Policies typically cover the liability issues not addressed through the state voluntary cleanup program, such as:

- The chance of discovering new contamination;
- Third party lawsuits/claims, and



- Provide protection from costs that could destabilize a business
- Address liability concerns and costs for Natural Resource Damage

**Issues/Comments:** Other states (Massachusetts and New York) have had subsidized environmental insurance programs, but the New York program has been de-funded.

### **Super Tax Increment Financing**

(Note that tax increment financing (TIF) is more generally addressed in “Opportunities for Better Utilization of Existing Programs” section. This section outlines the potential for a state super TIF program geared to brownfield-greyfields.)

**Summary:** Allow state (as well as local) revenues to be included in the Tax Increment Financing (TIF) for projects that meet certain public objectives. Several state programs are geared to redevelopment of downtown and brownfields-greyfields areas.

**Programs in NC and SC:** None

**Programs in Other States:** Nine states have Super TIF programs – the ones that are the most oriented to brownfields-greyfields are Pennsylvania, Kentucky, and Missouri.

**Possible Model:** Pennsylvania passed Super TIF authority in July 2013 through the City Revitalization and Improvement Zones Act (CRIZ) Act. The goal is to stimulate economic development and job creation in “third class cities” by providing substantial financing for the development of commercial, sports, exhibition, hospitality, conference, retail, community, office, and recreational or mixed-use real estate developments. State taxes eligible to be pledged include corporate net income tax, capital stock franchise tax, sales and use tax, personal and earned income tax, business privilege tax, amusement tax, liquor tax and bank shares tax generated by activity in the zone. Third class cities include Altoona, Bethlehem, Chester, Erie,

Lancaster, Reading, Wilkes-Barre and York.

**Issues/Comments:** These programs are usually oriented to large scale redevelopment projects and are often supported by economic development interests.

**Project Example:** A pre-cursor for the CRIZ program, the “City Center Lehigh Valley” project is successfully combining state and local TIF commitments to leverage over \$700 million in improvements, effectively re-making downtown Allentown. The project features: an 8,500-seat hockey arena, two office buildings, a hotel, and a residential complex.

## **State Brownfield Liability Protection and Regulatory Programs**

### **Enhanced Liability Protection**

**Summary:** Uncertainties related to cleanup liability can be an important factor in determining whether developers proceed with brownfields investments.

**Possible Models:**

- Adoption of the self-administering Bona Fide Prospective Purchaser (or similar) liability protections (about nine states). The “self-administering” aspect means that the developer is creating an affirmative defense to liability by following due diligence procedures, but the liability defense is not dependent on any kind of state oversight or letters.
- Michigan has a particularly strong self-administering liability protection for innocent purchasers – the developer simply assesses the pre-existing contamination and they are immune from liability for the identified contamination. Their “due care” obligations are essentially “to not allow an unacceptable exposure to contamination.”
- Liability protections that go beyond liability to the

state to cover toxic tort and/or other elements of third party liability (GA, SC, CT, MA, OR, proposed in FL);

- Special provisions limiting the liability of innocent parties for area groundwater contamination (CT);
- Special liability protections for public agencies that acquire contaminated land for redevelopment purposes (PA, NY, CA, CT, WA).
- Strong withdrawal provisions that allow the innocent purchaser to halt the cleanup without any continuing liability (MD)
- Narrowing of reopeners (MD)
- Lower site assessment and cleanup requirements in urbanized areas, where there is no use of groundwater for drinking water (many states)

### **Improved and More Efficient Regulatory Review**

**Summary:** The relative efficiency of state regulatory programs can be critical factors affecting brownfields investment decisions.

#### **Possible Models:**

- Licensed Site Remediation Professionals (LSRP) Programs: adoption of privatized or semi-privatized cleanup oversight (OH, CN, MA, NJ, proposed in WA). Under these programs, state-licensed environmental consultants certify that the cleanup is protective. The State reserves certain rights to review/approve/override these determinations. At the completion of the process the applicant is granted state liability protection.
- A number of states encourage some kinds of sites to be addressed as “independent cleanups;” however, to our knowledge, there is no substantial liability protection available through these programs.
- Maryland’s 2004 reforms included five changes meant to expedite review.
- Greater use of presumptive remedies (many states,

especially IL);

- Massachusetts LSRP program is well regarded by environmental and economic development interests. There are two-tiers of liability protections. There is an automatic liability release connected to completion of an LSRP cleanup, but it is more like an “affirmative defense” than an exemption. It does run with the land and includes contribution protection, as well as property damage claims under common law. It is only available at the conclusion of a certified cleanup. For those seeking a higher level of protection (or protection during the cleanup) there is a CNTS that is available, involving an additional level of state review, with Attorney General’s office involvement.

**Impacts:** The Massachusetts program has been credited with clearing a backlog of sites, the pace of cleanups increased from about 200 per year to 2,000 per year, a tenfold increase, while cutting start to finish times by about 50 percent.

### **State Capacity Building Programs**

Programs in this section involve state action, such as enabling legislation that improves the capacity of local governments to address brownfields.

#### **Brownfields Area Planning**

**Summary:** Provide assistance to local government to develop strategic plans to address brownfields on an area-wide basis.

**Programs in Other States:** New York, New Jersey, Ohio

**Possible Model:** Ohio Brownfields Action Plan Pilots: Ohio administratively created the Brownfields Action Plan Pilot program from CDBG funds and repayments from the EPA RLF program.

#### **Issues/Comments:**

- The New Jersey program has a tie-in with

implementation incentives.

- The New York State and New Jersey programs both involve a heavy commitment of funding, and both have experienced lower funding in recent periods.
- The EPA Brownfields Area-wide Planning Grants are an additional source.

### Land Banks and Tax Foreclosure

**Summary:** Land banks normally function to manage the locality's publicly owned sites, especially those acquired through tax foreclosure. These are most often residential but can also include contaminated commercial-industrial property. There has been limited experience in using land banks for brownfields redevelopment, but the author's recent article in *Brownfield Renewal* argues that a brownfields land bank could function to acquire and reposition upside down and difficult brownfields sites.

Additionally some cities aggressively use tax foreclosure as elements of brownfields strategies.

**Programs in Other States:** Cleveland's Industrial-Commercial Land Bank, Michigan's Brownfields Redevelopment Authorities, and other states where land bank enabling legislation has been adopted: GA, IN, KY, MI, MO, NY, OH, PA. Milwaukee and Chicago use tax foreclosure as part of their brownfields strategy.

**Possible Model:** Cleveland's Industrial-Commercial Land Bank: the land bank has an orientation to brownfields, having acquired 11 mostly industrial properties, totaling 125 acres. Two have been sold and redeveloped – Garrett Square (retail with 170 employees) and Green City Growers (greenhouse with 30 employees). Another is under option for a data center projected to employ 40 persons on a portion of a 10-acre site, acquired because of its proximity to the City's Health Tech Corridor. Of the remaining Land Bank sites, three are being marketed after gaining

environmental clearance; and five are in the cleanup and site prep phase. The acquisitions are a mix of proactive/voluntary acquisitions and tax foreclosures.

**Issues/Comments:** Need to guard against acquiring sites where market conditions are highly unfavorable.

## Local Programs

### Local Brownfields Property Tax Credits

**Summary:** Property tax increases are postponed or credited for a set number of years after a qualifying brownfields action (usually completion of voluntary cleanup).

#### Programs in NC and SC:

- The NC program is a 6-year brownfields property tax credit, with step-downs starting in year 2, a less aggressive program than some other states.
- SC has an Abandoned Buildings Revitalization property tax credit: 25 percent of rehabilitation expenses, but the credit may not to exceed 75 percent of the real property taxes due on the building; eight years.
- SC has an Abandoned Retail Facilities Revitalization tax credit: eligible sites include abandoned shopping center, mall or free standing site whose primary use was as a retail sales facility with at least one occupant in a 40,000 square foot or larger building or structure; 25 percent of rehabilitation expenses, but the credit may not to exceed 75 percent of the real property taxes due on the building; eight years.
- SC has a Textile Communities Revitalization tax credit: for the rehabilitation, renovation, and redevelopment of abandoned textile mill sites; 25 percent of rehabilitation expenses, but the credit may not to exceed 75 percent of the real property taxes due on the building; eight years.

**Programs in Other States:** Maryland and six other

states (including NC) allow localities to credit property taxes for brownfields sites.

**Possible Model:** Baltimore City Brownfields Property Tax Credit -- five year 70 percent property tax credit; extends to 10 years for properties in enterprise zones; properties must be in the Maryland Voluntary Cleanup Program. The Baltimore City program is based on state enabling legislation; about one-half of Maryland counties have opted in. Developers regard this as an important incentive.

**Issues/Comments:** In home rule states these local tax credits may be enacted without state approval. (See also the tax credit section under "Opportunities for Better Utilization...")

### ***Grant-loan Program Based on Dedicated Funds***

(Note this section is equally applicable to state and local programs.)

**Summary:** Brownfields funding linked to a specific tax or percentage of a specific tax.

**Programs in NC and SC:** None Identified

**Programs in Other Areas:** Hennepin County (MN), Ramsay County (MN), Washington State, New Jersey, and Pennsylvania.

**Possible Model:** Hennepin and Ramsey Counties in the Minneapolis-St. Paul area administer Environmental Response Funds, funded by a mortgage registry and deed tax at a rate of .0001 (1/100th of 1 percent) of the value of a property transaction amount and principal. Each Fund provides critical gap funding for contaminated land cleanup in Hennepin and Ramsey Counties, enabling redevelopment to help cities achieve important community and regional goals such as job creation, housing production, and environmental protection.

**Issues/Comments:** a wide range of sources have been used for these dedicated funds.

**Impacts:** To date, Hennepin County has awarded 313 ERF grants totaling \$45.7 million. Grant-assisted projects have resulted in: creation or retention of approximately

9,500 jobs, \$1.7 billion in privately funded development costs; and property values increases of \$437 million, which is an 11 to 1 return on investment.

### ***Mentoring and Donated Technical Assistance to Disadvantaged Communities***

**Summary:** Organize individuals and organizations with brownfields expertise in order to offer pro bono advice and information to under-served communities.

**Possible Models:** New York City Office of Environmental Remediation (OER) Community Resources Program organizes technical assistance to under-served communities through the New York City Brownfields partnership.

**Issues/Comments:** Another source of technical assistance is the EPA Brownfields Sustainable Communities Pilots.

### ***Green Infrastructure Programs***

**Summary:** Communities across the country are increasingly implementing Green Infrastructure techniques -- utilizing soils, vegetation and natural processes to reduce stormwater pollution – in order to minimize stormwater run-off from redevelopment projects. Benefits include: improved stormwater management, reduced flooding, decreased combined sewer overflows, enhanced water quality, and other community amenities.

**Possible Models:**

- The City of Emeryville, CA, requires redevelopment projects to manage stormwater with green infrastructure and provides detailed design guidelines that enable these techniques to work on brownfields.
- The City of Philadelphia, PA, is implementing a broad-based program that incentivizes developers to use Green Infrastructure techniques.
- The City of Cincinnati, OH, is acquiring, remediating, and reusing dozens of brownfield properties as part of its Green Infrastructure strategy

to improve water quality in the Mill Creek, which flows into the Ohio River.

- East Gainesville, FL, developed the East Gainesville Depot Park with US EPA assistance, following a \$14 million cleanup. The park serves at least three purposes: public open space, stormwater retention, and complying with stormwater run-off requirements to facilitate greater density in nearby downtown development parcels.

**Issues/Comments:** When utilizing Green Infrastructure techniques on brownfields projects, care must be taken to keep clean stormwater away from any contaminated soils contained on the site.

### **Redevelopment Authorities with a Brownfields Orientation**

**Summary:** Several communities across the country have established local redevelopment agencies that have been extremely successful in leveraging substantial investment in brownfields redevelopment projects. The benefits of this approach include:

- Redevelopment authorities typically have power to acquire, remediate, prepare land for redevelopment, and resell brownfield properties.
- Redevelopment authorities typically have power to issue bonds, utilize tax increment financing, and play a lead role in public finance strategies to facilitate redevelopment.

#### **Programs in NC and SC:**

Both states have laws authorizing local redevelopment commissions, but they do not appear to have the same authority as those in other states, such as Wisconsin and Michigan.

#### **Possible Models:**

- The St. Paul Port Authority in Minnesota (SPPA) has played a lead role in acquiring, remediating, and redeveloping brownfield properties for more than two decades. SPPA uses a variety of financing tools,

including TIF, land write-downs, New Market Tax Credits, revenues derived from past projects, HUD 108 loans, and other federal and state grants and loans. The Port Authority has leveraged nearly \$200 million in private investment since 1995. Their projects generate more than \$33 million a year in real estate and personal property tax revenue. Today, 555 companies employing nearly 24,000 people operate in the Port's 21 inner-city business centers.

- The Redevelopment Authority of the City of Milwaukee, WI, (RACM) is a national leader in the field of brownfields redevelopment. RACM uses a range of tools, including assemblage and sale of land, Tax Increment District loan administration, revolving loan funds, and the issuance of bonds for the construction of offices and institutional facilities, affordable rental and owner occupied housing, and for catalytic commercial projects. Since 1990, the RACM has invested over \$21.7 million in the testing, clean-up, and redevelopment of nearly 100 brownfield projects. They have leveraged \$766 million of redevelopment investment and retained and created more than 3300 jobs.
- The City of Kalamazoo, Michigan has established a successful Brownfields Redevelopment Authority under Michigan's state program. The City aggressively acquires land and prepares it for redevelopment. Kalamazoo uses TIF authority to pay for acquisition, site assessment, clean-up, infrastructure, demolition, and other site preparation.
- Several states, including Connecticut, Washington, and California give redevelopment authorities the power to enter private property and perform a site assessment.

## Acronyms

The following comprehensive list of terms and acronyms are commonly associated with brownfield-greyfield projects.

AAI	All Appropriate Inquiry	BFPP	Bona Fide Prospective Purchaser
ABCA	Analysis of Brownfields Cleanup Alternative	BGS	Below Ground Surface
ACM	Asbestos Containing Material	BLS	Below Land Surface
AICP	American Institute of Certified Planners	BMP	Best Management Practice
AOC	Area of Concern	BSRA	Brownfield Site Remediation Agreement
APA	American Planning Association	CBD	Central Business District
ARC	Assessment, Remediation, and Cleanup	CDBG	Community Development Block Grant
ARC	Appalachian Regional Commission	CDC	Community Development Corporation
AST	Aboveground Storage Tank	CDE	Community Development Entity
ASTM	American Society for Testing & Materials	CDFI	Community Development Financial Institution
AWP	Area-wide Planning	CEDS	Comprehensive Economic Development Strategy
BAC	Brownfields Advisory Council	CEP	Community Engagement Plan
BCP	Brownfields Cleanup Program	CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act
BCRLF	Brownfields Cleanup Revolving Loan Fund	CERCLIS	Comprehensive Environmental Response, Compensation and Liability Information System
BEDI	Brownfields Economic Development Initiative	CHC	Community Health Center
BFA	Brownfield Agreement	CID	Central Industrial District
		CIP	Community Involvement Plan

COC	Chemicals/Contaminants of Concern	EC	Engineering Controls
COC	Certificate of Completion	EDA	Economic Development Administration or Authority
COG	Council of Governments	EDC	Economic Development Corporation
CPA	Certified Public Accountant	EP	Environmental Professional
CREC	Controlled Recognized Environmental Condition	EPA	United States Environmental Protection Agency
CWSRF	Clean Water State Revolving Funds	ERNS	Emergency Response Notification System
DAO	Designated Approving Official	ESA	Environmental Site Assessment
DDA	Downtown Development Authority	ESA	Endangered Species Act
DENR	Department of Environment and Natural Resources	ESI	Expanded Site Inspection
DEQ	Department of Environmental Quality	EZ	Enterprise Zone
DHEC	Department of Health and Environmental Control	FAQ	Frequently Asked Questions
DHHS	US Department of Health and Human Services	FIRM	Flood Insurance Rate Map
DNR	Department of Natural Resources	FOIA	Freedom of Information Act
DOC	Department of Commerce	FUDS	Formerly Used Defense Sites
DOD	Department of Defense	FY	Fiscal Year
DOI	Department of Interior	GIS	Geographic Information System
DOJ	Department of Justice	GOB	General Obligation Bonds
DOT	Department of Transportation	GSA	General Services Administration
DPT	Direct-Push Technology	GW	Groundwater
DQO	Data Quality Objective	HASP	Health and Safety Plan
		HREC	Historical Recognized Environmental

	Condition	LSRP	Licensed Site Remediation Professionals
HSP	Health and Safety Plan	LUST	Leaking Underground Storage Tank
HUD	Department of Housing and Urban Development	MCL	Maximum Contaminant Level
IC	Institutional Controls	MOA	Memorandum of Agreement
ICMA	International City/County Management Association	MOU	Memorandum of Understanding
IDW	Investigation Derived Waste	MSA	Metropolitan Statistical Area
IR	Information Repository	MSL	Mean Sea Level
IRS	Internal Revenue Service	NADO	National Association of Development Organizations
ISRP	Industrial Sites Reuse Program	NALGEP	National Association of Local Government Environmental Professionals
ITRC	Interstate Technology Regulatory Council	NCDENR	North Carolina Department of Environment and Natural Resources
LA	Landscape Architecture	NCGS	North Carolina Geologic Survey
LBP	Lead Based Paint	NFA	No Further Action
LEED	Leadership in Energy and Environmental Design	NFRAP	No Further Remedial Action Plan
LIHTC	Low Income Housing Tax Credit	NIEHS	National Institute of Environmental Health Sciences
LISC	Local Initiatives Support Council	NMTC	New Market Tax Credits
LLC	Limited Liability Corporation	NOAA	National Oceanic and Atmospheric Administration
LMI	Low to Moderate Income	NPL	National Priority List
LP	Limited Partnership	NPS	National Park Service
LRC	Land Redevelopment Committee/Council/Corporation		



OMB	Office of Management and Budget	RCRA	Resource Conservation and Recovery Act
PA/SI	Preliminary Assessment/Site Inspection	RCRA COR ACT	RCRA Information Systems
PAH	Polycyclic Aromatic Hydrocarbon	RCRA GEN	RCRA System Generators
PCB	Polychlorinated Biphenyl	RCRA TSD	RCRA Treatment, Storage, and Disposal Facilities
PE	Professional Engineer	REC	Recognized Environmental Condition
PG	Professional Geologist	REM	Registered Environmental Manager
PPA	Prospective Purchaser Agreement	RLA	Registered Landscape Architect
PPB	Parts Per Billion	RLF	Revolving Loan Fund
PPM	Parts Per Million	ROI	Return on Investment
PRG	Preliminary Remediation Goal	RP	Responsible Party
PRP	Potentially Responsible Party	RSL	Regional Screening Level
PVC	Polyvinyl Chloride	SACM	Superfund Accelerated Cleanup Model
QA	Quality Assurance	SBA	Small Business Administration
QA/QC	Quality Assurance/Quality Control	SC PRT	South Carolina Department of Parks, Recreation, and Tourism
QAM	Quality Assurance Manual	SCDHEC	South Carolina Department of Health and Environmental Control
QAPP	Quality Assurance Project Plan	SCGS	South Carolina Geologic Survey
QC	Quality Control	SCL	Soil Screening Level
RACM	Regulated Asbestos Containing Material	SEP	Supplemental Environmental Projects
RBC	Risk Based Concentrations		
RBCA	Risk Based Corrective Action		
RBSL	Risk Based Screening Level		

SHPO	State Historic Preservation Office	VCP	Voluntary Cleanup Program
SHWS	State Hazardous Waste Site	VOC	Volatile Organic Compound
SVOC	Semi-Volatile Organic Compound		
SW	Stormwater		
SWL	Solid Waste Facilities List		
SWMP	Stormwater Management Plan		
TAD	Tax Allocation District		
TAL	Target Analyte List		
TBA	Targeted Brownfields Assessment		
TCL	Target Compound List		
TCSP	Transportation and Community System Preservation		
TIF	Tax Increment Financing		
TMS	Tax Map Serial		
TOC	Top of Casing		
TSCA	Toxic Substances Control Act		
ULI	Urban Land Institute		
USACE	US Army Corps of Engineers		
USC	Unified Soil Classification		
USDA	US Department of Agriculture		
USGS	United States Geological Survey		
UST	Underground Storage Tank		
VCC	Voluntary Cleanup Contract		

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