

# ***Brownfield Financing: Current Trends and Recent State Innovations***

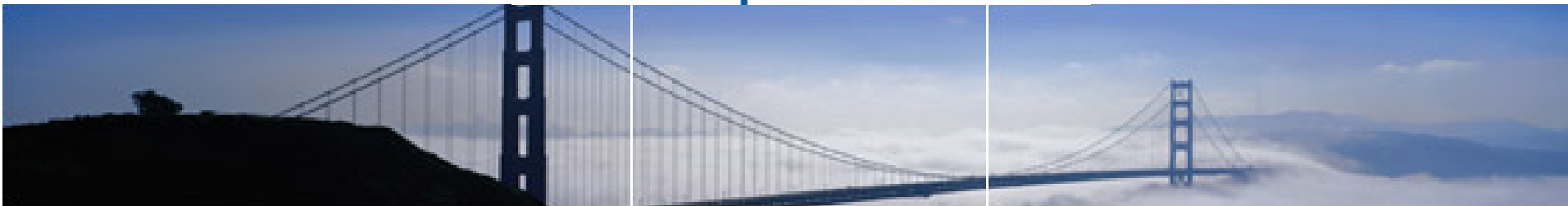
Charlie Bartsch

Vice President/Senior Fellow – ICF International

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# *Current National Trends in State Brownfield Financing*

- **State efforts evolving, creativity increasing**
- **Federal incentives (i.e., rehab tax credits) increasingly connected with state incentives to maximize leverage**
- **Deliberate, pro-active links between “brownfields” and economic development, smart growth, energy efficiency, green buildings, other initiatives that “fit together” with common goals**
- **Cost-saving innovative technologies better integrated**

*Overall --*

**Brownfield process is being enhanced as technical and economic development strategies and processes become more complimentary**

# *Brownfield Financing Innovations: What Are the States Doing?*

- **Tax incentives linked to site reuse**
- **Targeted financial assistance programs**
- **Direct grants/financial assistance**
- **Process initiatives to enhance/support financing**

# *Tax Credits, Abatements, Incentives*

*Offered by 22 states, including –*

- **deferral of increased property taxes — *Connecticut and Texas***
- **remediation tax credits – *Illinois and Wisconsin***
- **cancellation of back taxes — *Wisconsin and Massachusetts***
- **rebates of sales taxes to offset cleanup costs – *New Jersey***
- **tax incentive “menu” -- *Missouri***
- **environmental insurance tax credit – *New York***

# *Targeted Financial Assistance*

*Offered in 19 states, including –*

- ***Indiana's* forgivable remediation loans, newly expanded to petroleum sites**
- ***Florida's* tax “bonus refund” pegged to job creation**
- ***Florida's* low-interest loans for contractor/tax lien purchases**
- ***Massachusetts, Wisconsin's* insurance subsidies**
- ***Michigan's* Brownfield Redevelopment Authorities**
- ***Kansas's* focus on agricultural-related contaminants**

# *Direct Financing Assistance*

*Offered in 13 states, including –*

- **low interest cleanup loans — *Delaware, Indiana, and Wisconsin***
- **remediation grant funds — *New Jersey, Minnesota***
- **state revolving loan or redevelopment funds — *Indiana, Michigan, Wisconsin, and Massachusetts***
- **‘just in time’ Phase II site assessment program – *Indiana***
- **targeting state clean water RLF to brownfield site cleanup – *Maine, New Mexico, New York, Ohio***

# ***Financing Incentives Linked to the Technical/Process Side: VCPs a Key Redevelopment Facilitator***

- VCP process certainty brings comfort and closure – to owners and lenders
- VCP assurances increase willingness of developers to consider contaminated sites, innovative technologies, and institutional controls -- all of which encourage them to go forward with re-development
- VCPs foster state and local redevelopment financing partnerships

# *State Financing Innovations – Highlights of Emerging Initiatives: 2007-2008*

- Expanded tax incentives for affordable housing on brownfield sites (FL)
- Brownfield TIF guarantees (PA)
- Remediation assistance for current owners of contaminated properties (CT)
- Assignable/transferable remediation/rehabilitation tax credits (MA, MI)
- Remediation tax credits in new “Rivers Edge Redevelopment Zones” (IL)
- Advantageous taxation of brownfield property improvements (NC)

# *Mechanisms to break the process log-jam*

- **Florida offers low-interest loans to redevelopment agencies and non-profit corporations to purchase contractor liens, tax certificates, and similar claims, to move properties, expedite reuse**
- *Abandoned factory to call center -- Clearwater*



# *Tax incentives to attract private capital*

- **Wisconsin allows new owners, working thru VCP, to have back taxes waived, expedite transfer of tax delinquent properties, to level the playing field and attract new investors**
- *Gas station to coffee shop -- Milwaukee*



# *Assignable, transferable, marketable tax credits to encourage cleanup and reuse*

- **Massachusetts' Brownfield Credit for Rehabilitation of Contaminated Property; up to 50% credit against cost of environmental response and removal; can be combined with other state brownfield programs**
- *Wire fabricator to printing/graphics plant --  
Dorchester*



# *Filling time-sensitive financing gaps*

- **Delaware's Phase II site assessment matching grants, offering \$100,000 grants to expedite economic development or mixed-use projects**
- *Riverfront warehouse/chemical/industrial dump site into residential/commercial complex – Wilmington*



# *Revamping traditional development entities to focus on brownfield reuse*

- Michigan has created a special category of development authority
- Cities, towns and counties can establish “*brownfield redevelopment authorities*”
- Exercise traditional development authority powers: expedited title clearance, TIF and bond financing; eligible applicants for other federal programs



# ***Missouri's Incentive "Diner" – Going a la carte for the full cleanup "meal"***

- **Missouri Brownfield Redevelopment Program**
  - Offers loans, loan guarantees, for properties abandoned or underused for at least 3 years
  - Menu of jobs, investment, and property tax credits, up to entire amount of cleanup
- ***Abandoned rail roundhouse complex to office park and small business incubator***



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*Thoughts and guidance on the  
environmental, financial, legal, and social  
aspects of brownfield revitalization from  
ICF International*

*Coordinated by Charlie Bartsch, ICF's  
brownfield expert*

*[cbartsch@icfi.com](mailto:cbartsch@icfi.com)*