



**Other Available Tools: Use of Insurance
and Non-EPA Financing**

***State and Federal Program
Innovations***

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www.nemw.org/brownfields.htm

How Has the VCP/Cleanup Process Evolved Since Passage of the Brownfield Law?

- **Trends to expedite**
- **Trends to innovate**
- **Trends to better integrate cleanup and IC/RBCA strategies with the economic development process**
- **Trends to fill brownfield-impacted financing gaps**
 - *Directly*
 - *Links to other programs*

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 property taxes to offset cleanup costs – *New Jersey***
- **tax incentives for re-use of obsolete industrial properties -- *Pennsylvania and Michigan***
- **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, and low-interest loans for lien purchases
- ***Massachusetts, Wisconsin's*** insurance subsidies
- ***Florida's*** low-interest loans to purchase contractor or tax liens
- ***Connecticut's*** dry cleaner remediation program
- ***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, Pennsylvania, and 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***

Process Initiatives That Can Enhance and Support Private Financing

What's as good as cash?

- **Link site owners to state VCPs/brownfield programs**
- **Link site owners to federal and state tax and financing incentives**
- **Help site owners initiate institutional or engineering controls**
- **Help with loan packaging/lender “matchmaking”**
- **Help to separate the environmental risk from the economic value of the property**

Federal ED/CD Financing Programs:

The “Laundry List”

Loans

- EDA’s Title IX (capital for local revolving loan funds)
- HUD funds for locally determined CDBG loans and “floats”
- EPA capitalized brownfield revolving loan funds
- SBA’s microloans
- SBA’s Section 504 development company debentures
- EPA capitalized clean water revolving loan funds (priorities set/ programs run by each state)
- HUD’s Section 108 loan guarantees
- SBA’s Section 7(a) and Low-Doc programs

Grants

- HUD’s Brownfield Economic Development Initiative (BEDI)
- HUD’s Community Development Block Grants (for projects locally determined)
- EPA assessment pilot grants
- EDA Title I (public works) and Title IX (economic adjustment)

Grants (continued)

- DOT (various system construction and rehabilitation programs)
- DOT’s transportation and community system preservation (TCSP) pilot grants
- Army Corps of Engineers (cost-shared services)

Equity capital

- SBA’s Small Business Investment Companies

Tax incentives and tax-exempt financing

- Targeted expensing of cleanup costs (through 12/31/05)
- Historic rehabilitation tax credits
- Low-income housing tax credits
- Industrial development bonds

Tax-advantaged zones

- HUD/USDA Empowerment Zones (various incentives)
- HUD/USDA Enterprise Communities (various incentives)

Federal Program Innovations: What are the Prime Suspects?

Targeted tax incentives

- *Expensing*
- *Rehabilitation tax credits*

Targeted economic development assistance

- *HUD/BEDI*

Creative Applications of Existing Programs

- *HUD/CDBG and Section 108 loan guarantees*
- *DOT/highway and bridge re-construction, planning*
- *ACE/planning*
- *EDA/public works and planning*

How Have Non-EPA funds Been Used to Support Brownfield Projects?

Eligible program activities can include:

- **planning for redevelopment or revitalization of brownfields**
- **site acquisition**
- **environmental site assessment**
- **site clearance**
- **demolition and removal of buildings**
- **rehabilitation of buildings**
- **removal or remediation of contamination from sites or structures**
- **construction of infrastructure and related improvements that enhance brownfield site value**

Emerging Brownfield Development Legislative Proposals

- **But the future of many of these federal brownfield partners is uncertain....**



The President's "Strengthening America's Communities" Initiative

- **President Bush is seeking the most sweeping reorganization of federal economic and community development programs in more than three decades, along with substantial (34% overall) cuts in program funding.**
- **"Strengthening America's Communities Initiative" -- would consolidate 18 existing programs from five Cabinet departments into a single program, to be administered by the Commerce Department**

Economic Development Programs at a Crossroads

Key Programs: What Do We Have, What Can We Anticipate?

FY 05 Appropriation Approved by Congress

FY06 Bush Proposal

Programs targeted to brownfields

• Brownfield assessment/cleanup/ RLF/training grants (EPA)	\$87.5 million	\$120.5 million
• Brownfield funding for states (EPA)	50.0 million	60.0 million
• Brownfield Economic Development Initiative HUD/BEDI)	24.0 million	zero

Economic Development Programs at a Crossroads

Key Programs: What Do We Have, What Can We Anticipate?

FY 05 Appropriation Approved by Congress

FY06 Bush Proposal

Related economic development programs

• Section 108 loan guarantees: level		
• supported by appropriations	275.0 million	zero
• Community development block grants	4.117 billion	zero
• CDBG set-asides	301.6 million	zero
• EDA public works grants	167.0 million	zero
• EDA economic adjustment grants	45.0 million	zero
• Empowerment zones/enterprise communities	22.3 million	zero
• Community Development Financial		
• Institutions (CDFI)	55.1 million	zero
• Rural development programs	63.5 million	zero
• Strengthening America's Communities		
Program (proposed)	-----	3.71 billion

Goals of the President's "Strengthening America's Communities" Initiative

- **creating 40 new "opportunity zones," offering a variety of tax incentives, and targeted to communities that (a) have lost a significant portion of their economic base, and are in the process of moving towards a more diverse economy, and (b) have persistent poverty**
- **revitalizing brownfields**
- **introducing tax incentives to stimulate development of single family housing in low-income areas**
- **establishing new education and job training programs.**

The President's "Strengthening America's Communities" Initiative

(Some of the fine print)

- **Resources would be distributed based on factors such as poverty, rates of job loss, and unemployment**
- **Estimated 1/3 of existing CDBG entitlement cities and state funding would be eliminated, based on these factors**
- **Program would feature new uniform eligibility criteria and strong accountability standards**
- **Program would place heavy emphasis on planning and goal setting**

The President's "Strengthening America's Communities" Initiative

(some of the fine **green** print)

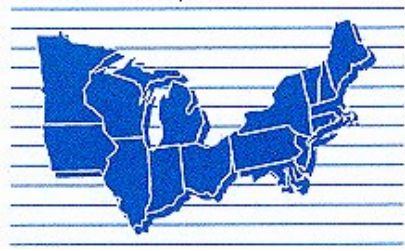
- **In fiscal 2005, the 18 programs received more than \$5.665 billion**
- **Fiscal 2006 budget request for new consolidated programs -- \$3.71 billion, some 34.5 percent less than existing funding levels.**

The President's "Strengthening America's Communities" Initiative

*(some more of the fine **green** print)*

What Would be Consolidated -- Potential Brownfield Impact

- **CDBG and five other HUD programs (brownfields, rural housing and economic development, Empowerment Zones/Enterprise Communities, Section 108 loan guarantees, NCDI, and CDBG set-asides and earmarks) -- \$4.513 billion in fiscal 2005 funding**
- **all of EDA's existing development programs -- \$255. 4 million in fiscal 2005 funding**
- **Treasury's Community Development Financial Institutions (CDFI)**
- **four USDA rural development programs (Rural Business Enterprise, Rural Business Opportunity, Economic Impact Grants, and rural Empowerment Zones/Enterprise Communities) -- \$75.9 million in fiscal 2005 funding.**



NORTHEAST
MIDWEST
INSTITUTE

Web Sites

For further information on these legislative developments as they happen.....

www.nemw.org/brownfields.htm

For further information on state initiatives, go to...
EPA.gov/brownfields

- ***Look for -- State Brownfields and Voluntary Response Programs: An Update from the States***
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