

Public Financing for Brownfields

Tell developers about government programs that help fund brownfield redevelopment

By **Terri Smith**, redevelopment coordinator, Environmental Liability Management Inc.

IN THE PAST FEW YEARS, IT HAS become evident that we cannot keep developing on green spaces and natural resources in this country. There is not enough supply. Consequently, many communities are refocusing their revitalization and building efforts on previously developed sites and infrastructure. These sites, however, often are brownfields that contain or that might contain materials that could be hazardous upon expansion or development.

Many communities lack the funding necessary to identify, assess and evaluate brownfields to understand their redevelopment potential in the first place. This makes it hard for communities to sell these projects to prospective developers.

Further, builders and developers who are interested in identifying, cleaning up, reusing and redeveloping such properties can have trouble finding the necessary funding. Part of this is because one size does not fit all when it comes to financing the cleanup and redevelopment of brownfields.

Enter the public sector. Various federal, state and municipal-government agencies make these projects a reality by providing financial and technical assistance. The goal of these government programs is to encourage the private sector to invest its capital in projects that create jobs and that stimulate community-revitalization efforts, such as brownfield redevelopment.

Government financial assistance can provide comfort to private investors who might otherwise have concerns about investing in brownfield development. Moreover, developers can use federal and state resources as part of their overall financial strategy. These resources can help quantify the risk monetarily. This can, in turn, reduce the borrowers' financing costs and reduce the risks for lenders. By decreasing risk

On the Web

Learn more about some of the government programs that offer financial assistance for brownfield-development and related projects:

- **U.S. Department of Housing and Urban Development:**
 - Brownfield Economic Development Initiative, www.hud.gov/offices/cpd/economicdevelopment/programs/bedi/index.cfm
 - Community Development Block Grants, www.hud.gov/offices/cpd/communitydevelopment/programs/index.cfm
- **U.S. Department of Transportation:** Transportation, Community and System Preservation Program, www.fhwa.dot.gov/tcsp
- **U.S. Economic Development Administration:** Public Works and Economic Development Facilities grants, www.eda.gov/AboutEDA/Programs.xml
- **U.S. Environmental Protection Agency:** Brownfield Cleanup Revolving Loan Funds, www.epa.gov/swerosps/bf/rflfst.htm

for lenders, builders also increase their chances of securing funding for the overall project.

Brokers should help their developer clients understand and evaluate the various financial tools available to them at the federal and state levels. Doing so can be a critical step toward completing brownfield-redevelopment projects successfully.

Program specifics

Publicly funded loan and grant programs provide financial assistance for a number of activities, such as planning-related activities, infrastructure upgrades, construction and environmental cleanup.

Some of the federal programs that offer funds for brownfield-related activities are the:

- **U.S. Department of Housing and Urban Development (HUD):** The Brownfield Economic

Development Initiative provides grants to help cities redevelop abandoned and underused industrial and commercial facilities with existing or potential environmental contamination.

In addition, HUD's Community Development Block Grants provide annual federal funding to cities, counties and states for activities that promote economic opportunity and neighborhood revitalization.

- **U.S. Department of Transportation:** The Transportation, Community and System Preservation Program offers funding to states, planning organizations, local governments and tribal governments for projects that integrate transportation, community and transportation-system-preservation plans.

- **U.S. Economic Development Administration:** Public Works and Economic Development Facilities grants are offered for projects that promote long-term economic development in regions that are experiencing economic distress.

- **U.S. Environmental Protection Agency:** Brownfield Cleanup Revolving Loan Funds can be used by, among others, local governments, states and tribes to make no- or low-interest loans for environmental cleanup.

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Some of these programs can be combined with other federal, state and municipal tax-incentive programs.

In addition to the federal programs, more than 20 states offer tax credits, tax abatements and other tax-based incentive programs for brown-field financing, according to a Northeast-Midwest Institute 2005 study. Plus, almost 20 states offer targeted financial assistance, and more than 10 states provide direct financing assistance.



In many cases, brownfields pose a significant concern for the communities in which they are located. Leveraging existing state and federal resources with traditional funding opportunities can provide a solid foundation for communities to advance their brownfield-cleanup and -reuse efforts. Further, these government programs can supply the necessary seed money to communities to get brownfield projects started in some of the less-than-desirable locations throughout the country. **!**