Left Field Funding for Brownfields Projects

CCLR-NPCR

ECONOMIC AND COMMUNITY REVITALIZATION

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# Redevelopment Economics

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Outside the Brownfields Silo –
Under-utilized Funding Sources

**Economic Development:**
- EB5
- Insurance recovery
- HUD 108
- Local mechanisms
  - TIF
  - PILOT
  - Tax abatement
  - Land Banks

**Environmental enhancement:**
- CWSRF
- Environmental Benefit Projects
EB5

- Investors gain green card
- $1 million investment or $500,000 in Targeted Employment Areas
- Job creation requirement (10 jobs)
- Loan or equity w/. low interest rates or return
- Regional Centers make connections
- Brownfields match

Syracuse Aloft Hotel

- Inner Harbor – 28 ac, $350 Mil
- EB5 - $4 million Empire State EB-5 Fund.
- Central New York REDC $4.5 million
Insurance Recovery

- Insurers can be held liable for cleanup under CGL policies, with favorable factors:
  - Favorable state laws and court precedents
  - Release before 1980-85
  - Cooperative employees/former owners
  - Cleanup costs are high enough to justify legal costs

Indianapolis
- $6 million insurance settlement vs Ertel Manufacturing Co
- Facilitated 500-job expansion of Major Tool
- 3-5 more sites being pursued

NYS Resources:
- Insurance Archeology Group, NYC
- Tim Lambrecht, Wladis Law Firm
HUD 108 Loans

- Borrow up to 5 times CDBG allocation
- CDBG rules apply
  - Slums/Blight – tough
  - Low-Mod Benefit
- Security – CDBG allocations
- Mezzanine financing advantages:
  - Low interest
  - Subordinate position
- Matches up well with TIF
HUD 108 Loans

Baltimore examples of creative use of HUD 108

- Montgomery Park
  - $8 mil HUD 108
  - Slums and blight
  - Protected CDBG w/ 4 sources

- Gateway South
  - $18 million HUD 108, TIF as repayment source
Local mechanisms
TIF, PILOTs, Tax Abatement, Land Banks

TIF
- Not usually used in NYS
- 2012 reforms cleared way for school district participation
- Continuing legal obstacles
- Pay-as-you-go for brownfields costs?
Local mechanisms
TIF, PILOTs, Tax Abatement, Land Banks

PILOT Increment Financing (PIF)

- Like TIF but requires:
  - Property tax exempt
  - Project eligible for property tax credit
  - PILOT agreement
  - Developer paying full taxes
  - Difference between full taxes and PILOT becomes TIF-like revenue stream

Buffalo Lakeside Commerce Park

- Former Hannah Furnace site, 250 acres
- CertainTeed
Local mechanisms
TIF, PILOTs, Tax Abatement, Land Banks

Tax abatement
- Rochester –
  - Tax abatement paid for brownfields costs
  - Eastside landfill
  - Outer Loop Industrial Park

Land Bank
- Rochester Staub’s Dry Cleaner site
  - Abandoned, tax delinquent, contaminated
  - Pike Construction expansion
  - Land Bank LLC
  - Bypasses tax sale
  - State Superfund $2.0 mil. for cleanup
  - 250 jobs retained, 100 relocated, $5 mil investment
Sources for Environmental Restoration

Clean Water State Revolving Fund
- Low interest loans up to 20 years
- Nonpoint source projects:
  - Stormwater management projects
  - Habitat restoration
  - Landfill closures

Green Innovation Grant Program
- Green infrastructure
- Spur innovation in stormwater management

Environmental Benefit Projects
- Greenpoint Community Environmental Fund
  - Exxon-Mobil Supplemental Environmental Project
  - Green infrastructure
  - Bio-swales
  - Design of Greenpoint Monitor Museum USS Monitor Park
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