Brownfields

Partnering For A Greener Tomorrow

Track Six: Sustainable Reuse

Purpose of the Track

The brownfields program strives for sustainability as it seeks to address the issue of property reuse. Listen as experts explain how to create livable communities and partnerships between public and private entities. Discuss the role that eco-industrial parks, "smart growth" practices, green businesses, innovative technologies, transit-oriented development, and pollution prevention are playing in building a sustainable future.

(6A) Brownfields and Beyond: Incentives for Sustainable Practices
Thursday, September 4, 1997
8:00 a.m. - 10:00 a.m.

Description: Win-win situations for communities and businesses are the object of every deal. Experts will examine local incentives that result in environmentally friendly practices. Come learn about innovative incentives for implementing pollution prevention practices, infill development, and transit-oriented development.

Location: Room 2203

Speakers and Affiliation:

Mr. Robert Wolcott (Moderator)	U.S. Environmental Protection Agency, Office of Policy, Planning, and Evaluation
Mr. Scott Bernstein	Center for Neighborhood Technology
Mr. Stephen O. Noble	PNC Bank
Mr. Timothy W. Warman	American Farmland Trust

MR. ROBERT WOLCOTT

Robert Wolcott is deputy assistant administrator for the Office of Policy, Planning and Evaluation at U.S. Environmental Protection Agency (EPA). In that capacity, he is the senior career manager of a 400-person office which oversees a wide spectrum of multimedia environmental programs, economic analysis, strategic planning, environmental statistics, and economic sector analyses and initiatives. Prior to serving in this position, Mr. Wolcott headed a variety of divisions in the EPA Policy, Planning and Evaluation Office, including the divisions of Economic Analysis, Natural Resources, and Water and Agriculture Policy. From 1983 to 1985 he served as senior policy advisor to Administrator William Ruckelshaus, and prior to that he directed the Public Interest Economics Foundation, a Washington, D.C.-based economic research and education organization. Mr. Wolcott is trained in economics, business and philosophy.

MR. SCOTT BERNSTEIN

[Biography was not available at time of printing. Please refer to conference addendum.]

MR. STEPHEN O. NOBLE

Stephen O. Noble is the head of environmental services at PNC Bank which provides expertise to the lending officers on how to understand and mitigate environmental risks. He has been developing environmental policies/procedures in the banking industry since 1989. Mr. Noble holds a Master of Business Administration in finance from the Graduate School of Management at Rutgers University and a Bachelor of Science in civil engineering from Lafayette College. He is a licensed professional engineer with six years experience at the New Jersey Department of Environmental Protection. Mr. Noble is also an experienced lending officer whose largest real estate loan was for the acquisition financing of an abandoned structural steel plant in 1990. Today that property would be known as a "brownfield"

MR. TIMOTHY W. WARMAN

[Biography was not available at time of printing. Please refer to conference addendum.]

DOCUMENTS THAT SUPPORT PANEL 6A: BROWNFIELDS AND BEYOND: INCENTIVES FOR SUSTAINABLE PRACTICES

AN ENVIRONMENTAL BANKER'S PERSPECTIVE ON BROWNFIELD REDEVELOPMENT

by Stephen O. Noble, P.E.
Vice President and Manager
Environmental Services
PNC Bank, N.A.

Recently, a lender came to me and said that he wanted to run a property past me. When I found out the name of the owner, it had a familiar ring. So I pulled out my list of contaminated properties in New Jersey and voila! It was a 16 acre abandoned urban site that had been occupied by an industrial user for the past 40 years. In fact, the owner had buried his hazardous waste in the back. Both soil and groundwater were severely contaminated with petroleum hydrocarbons, volatile organics, heavy metals and PCBs. The New Jersey Department of Environmental Protection (NJDEP) had required the owner to post over $3 million in financial assurance to provide for the anticipated clean-up. This is a property that only its mother could love.

So, what do I say to the lending officer? Although the property is lousy collateral, I need to know more about the borrower and their plans for the site. There may be a way to structure the deal to make it bankable.

From a broader perspective, what does it take to make brownfields redevelopment happen? First and foremost, one must respect the old real estate maxim. The three most important criteria for real estate are: location, location, location. I have had the pleasure of being a member of the Brownfield Working Group in Louisville, Kentucky. One of their first activities was to create an oversized map of the City with each of the abandoned industrial sites highlighted in red. The benefits of each location virtually jump off the map, such as: the proximity to highways, the surrounding resources (hospitals, churches, libraries, shopping centers), the current zoning, etc. Location, like beauty, is in the eyes of the beholder. The map was an excellent tool to help prospective buyers and developers consider the possibilities.

I heard about a mayor of a small city south of Philadelphia who organized a yacht trip up the Delaware River. He invited the local developers and captains of industry to join him, and then took them past the abandoned industrial waterfront sites. The trip had the desired effect. The different perspective on these sites' location stirred their imaginations as to what could be done with supposed wastelands.

The Four Obstacles To Brownfield Redevelopment

There are four primary obstacles that a developer must overcome with a brownfield that do not exist in a greenfield. The first obstacle is potential liability. This is best characterized by the following: How could the developer be sued? Let us count the ways. One, they could be sued by the Environmental Protection Agency (EPA).

Two, they could be sued by the state regulators. Three, they could be sued by the city or municipality. Four, they could be sued by third parties (neighbors, tenants, employees, etc.). The most important source of this potential liability is the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), which established strict, joint, several and retroactive liability for anyone deemed a responsible party by the EPA. In effect, potential liability is the Mt. Everest of obstacles.

The second obstacle is cost. The estimated cost to cleanup a brownfield site is sometimes a very elusive number. When it is, it creates uncertainty in the developer's budget, the appraised value and the mind of the lender. This is due to the horrific possibility that the final cleanup number may be several times the original estimate.

The third obstacle is time. The length of time involved in getting environmental signoffs from the regulatory agencies can act as a deal-killer before the deal even gets off the ground. Time, for the developer, is money. All properties have carrying costs, i.e., taxes, utilities, etc. If it takes too much time to get the necessary approvals, the carrying costs can overwhelm any potential profit.

The fourth obstacle is bad science. This is when the regulatory agency is indecisive, for the wrong reasons. For example, they want more sampling after the contamination has been clearly delineated, or they want the excavation reopened because one out of six soil samples was slightly elevated. When this happens, one begins to feel like Sisyphus, who was condemned to spend an eternity in Hades trying to roll a heavy rock up a hill only to have it roll down again when it neared the top.

What Are The Primary Environmental Risks For A Lender?

Direct environmental liability is an issue for a lender both during the credit relationship and in foreclosure. This comes from the potential to be determined an "owner" or "operator" of a previously contaminated site. Most Federal and State environmental laws leave this door open and experience has taught lenders that such liability can be expensive. The interest paid on commercial and real estate loans do not begin to compensate banks for the litigation and/or remediation costs resulting from contamination caused by others. For this reason, a lender may require certain environmental indemnification and covenants in order to reduce these risks.

Even so, direct environmental liability is not a lender's primary focus. The primary focus is on the creditworthiness of the borrower. Whatever has the capability of impairing a borrower's ability to repay their loan represents a risk to the lender. It is noteworthy that our borrowers must contend with at least thirty federal environmental regulations <u>and</u> numerous state-specific environmental regulations <u>and</u> sometimes local environmental ordinances. There are even times when borrowers find themselves in the midst of a compliance nightmare, i.e., compliance with one regulation puts them out of compliance with another. Therefore, lenders must think through these exposures from the borrower's point of view.

What Are The Borrower's Environmental Exposures?

The first exposure is the one that gets all the publicity: direct liability for a cleanup. This is when a borrower has been determined by a regulatory agency to be a responsible party who must contribute toward the cleanup of a site.

The second is the impairment of collateral value. Collateral is a lender's secondary source of repayment; the first is the borrower's checkbook. Hence, collateral value is a lender's insurance. Unfortunately, the market value of real estate collateral is dependent on the buyer's perceptions and value can be driven down by the buyer's perception of contamination on-site, next door, or even in the groundwater beneath the site.

The third exposure is cash flow. This is primarily the legal and/or consulting fees necessitated by addressing an environmental concern. Sometimes, legal expenses can even exceed cleanup costs, so a lender must be mindful of the potential of this out-of-pocket expense.

The fourth is a cloud over the collateral. For the most part, this is when there is an open case file at a regulatory agency regarding an environmental problem at the site in question. When a property shows up in an environmental database, research must be done to ensure that it is not listed because of an unresolved concern or unfinished cleanup at the site.

The last exposure is enforcement. This can run the gamut from an OSHA violation due to misplaced fire extinguishers to an environmental crime that lands the borrower in jail.

Mitigation Of Environmental Risks

In order to evaluate the viability of a brownfield deal, it is imperative to understand those measures that act to reduce environmental exposures to a manageable level.

The first category is "regulatory" which includes no further action letters, covenants not to sue, prospective purchaser agreements, letters of no association and deed restrictions. All of these are capable of closing off some of the potential liability from the EPA or a State agency; however all are dependent on regulatory approval over which the borrower and the lender have little control.

The second category is "property" which includes renovation, demolition and change in use. Oftentimes, the renovation or demolition of a site cleans up a multitude of environmental concerns. A change in use (e.g., from commercial to industrial) can go a long way toward alleviating the level of concern at a brownfield.

The third category is "legal", which includes indemnifications, representations, warranties and loan agreements. Due to the ambiguous nature of potential environmental liabilities, these measures often serve to protect both the borrower and the lender. An indemnification is the most important measure and, increasingly, they are being tied to an environmental insurance policy to ensure that the indemnification will have value when it is needed.

The last category is "financial" which includes escrow funds, insurance, letters of credit, additional collateral and substitute collateral. All of these measures serve to improve the certainty that the lender will be repaid on time with interest. Escrow funds are the most meaningful and are used when the lender wants certainty that a cleanup will be completed and collateral value maintained. When used in this way, escrow funds are essentially self-insurance. Environmental insurance is the next best option which can provide the same certainty without tying up the borrower's capital.

In conclusion, how would I advise the lending officer who presented me with the property at the beginning of this article? My orientation would be toward reducing the four obstacles of brownfield redevelopment: liability, cost, time and bad science. The aforementioned mitigation measures would be used judiciously to prevent, as much as possible, potential liabilities, undefined costs, open-ended time frames and indecisive regulators. Expert use of these measures can reduce the inherent risks of brownfields lending to a level that is, in a word, "bankable"

NOTE: Any viewpoints expressed within this article are the author's own and are not necessarily those of PNC Bank Corp. or any of its affiliates, officers or other employees.

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(6B) Smart Growth Approaches for Urban Redevelopment
Thursday, September 4, 1997
3:00 p.m. - 5:00 p.m.

Description: Smart growth is becoming the hallmark of good planning. Local, state, and federal smart growth approaches will be featured, and the link between smart growth, development and quality of life will be explored. Learn first hand how these new efforts could make the difference in your community!

Location: Room 2202

Speakers and Affiliation:

Ms. Marta Goldsmith (Moderator)	The Urban Land Institute
Mr. John Freece	State of Maryland
Mr. Glen E. Sibley	Cheslock, Bakker, & Associates, Inc.
Ms. Harriett Tregoning	U.S. Environmental Protection Agency, Office of Policy, Planning, and Evaluation

MS. MARTA GOLDSMITH

As Vice President for Land Policy at the Urban Land Institute, Ms. Goldsmith is responsible for all research, education and outreach programs in the policy area. These include ongoing work in brownfields, smart growth, urban revitalization, regionalism and tax policy. She also directs the Advisory Services program which brings teams of real estate and land use experts to communities in need of assistance. Assignments in the last year have included brownfields reuse in Cleveland and Kenosha, base reuse in California and New York and growth management in Atlanta and Las Vegas.

MR. JOHN FREECE

[Biography was not available at time of printing. Please refer to conference addendum.]

MR. GLEN E. SIBLEY

Glen Sibley is senior vice president of Cheslock, Bakker & Associates, Inc., a commercial real estate investment banking firm headquartered in Stamford, Connecticut. The firm has proven capabilities in commercial and multifamily mortgage finance and securitization. He is responsible for business development among the firms' major commercial real estate developer, investor, insurance company and investment banking clients. Mr. Sibley's career spans more than twenty years and includes experience in commercial real estate, commercial mortgage finance and environmental issues affecting commercial real estate transactions.

Prior to joining Cheslock, Bakker, Mr. Sibley was senior vice president of ERIC Group, Inc., where he pioneered insurance coverage for environmental risk in commercial real estate mortgage backed securities (CMBS), for REIT's and for other commercial real estate portfolios. Previously, as director of marketing for BCE Development Properties he was responsible for more than $750 mm in office and retail lease transactions, was a member of the team which negotiated a $180 mm loan on a single office building, and was the developer of the 766,000 square foot World Trade Center/Denver.

Mr. Sibley served as director of Downtown Denver, Inc., The Greater Denver Corporation, the Denver (Olympic) Games Committee, as vice chairman of Denver's World Trade Center, and as president of the Historic Paramount Foundation. He is an active full member of the Urban Land Institute, serves on its Environmental Committee as well as being its liaison to the National Realty Committee.

Articles authored by Mr. Sibley have appeared in Urban Land, Corporate Real Estate Executive, Real Estate Forum, Building Owner and Property Manager, The Journal of Attorneys and Executives in Commercial Real Estate, and others. He is a frequent speaker on matters of commercial real estate asset securitization and environmental risk in commercial real estate transactions.

Mr. Sibley received an Master of Business Administration from the University of Denver and holds bachelor's degrees in business administration and economics from the University of Puget Sound. He is based in Denver, Colorado.

MS. HARRIETT TREGONING

[Biography was not available at time of printing. Please refer to conference addendum.]

(6C) Creating Livable Neighborhoods and Communities
Wednesday, September 3, 1997
3:45 p.m. - 5:15 p.m.

Description: Is your neighborhood truly livable? Learn strategies to revitalize downtowns and bring grocery stores into older urban neighborhoods. Explore how good community design can build neighborhood integrity.

Location: Room 2202

Speakers and Affiliation:

Ms. Ann F. Finnegan (Moderator)	Grow America Fund
Mr. Paul Christensen	Neighborhood Progress, Inc.
Mr. Robert E. Lang	Fannie Mae Foundation
Ms. Shelly Poticia	Congress for the New Urbanization

MS. ANN F. FINNEGAN

[Biography was not available at time of printing. Please refer to conference addendum.]

MR. PAUL CHRISTENSEN

Paul Christensen is the Brownfields Program director at Neighborhood Progress, Inc. (NPI) in Cleveland, Ohio. NPI is a community and economic development organization that works with community groups to revitalize Cleveland's inner-city neighborhoods. In addition, Mr. Christensen serves as project director for a community Brownfield Technical Assistance Program sponsored by the U.S. Environmental Protection Agency (EPA) and the Great Lakes Environmental Finance Center. Prior to these positions, Mr. Christensen worked for the international management consulting firm of McKinsey & Co., where he served corporate clients on issues of strategy, operations, and environmental management. He holds a Bachelor of Arts in economics from Dartmouth College and received his master's degree in business administration from Cornell University.

MR. ROBERT E. LANG

Robert E. Lang is senior editor of the journal *Housing Policy Debate* and heads urban and regional policy research at the Fannie Mae Foundation in Washington, DC. He is also book review editor for the *Community and Urban Sociology Newsletter*, published by the American Sociological Association. Mr. Lang will shortly receive a doctorate degree in urban planning and sociology from Rutgers University. He also attended Princeton University's School of Architecture. Mr. Lang has taught sociology and urban studies at Rutgers University, where he was cited for teaching excellence. He was a research associate at both the Center for Urban Policy Research and the Rutgers Regional Report. Mr. Lang's specialties include urban revitalization, metropolitan growth and regulatory issues, community and urban sociology, housing policy analysis and land use planning. He has authored over two dozen publications on topics ranging from the marketing of central city housing to rural land use issues in the American West.

MS. SHELLY POTICIA

[Biography was not available at time of printing. Please refer to conference addendum.]

(6D) Back to the Future with Eco-Industrial Parks
Thursday, September 4, 1997
10:30 a.m. - 12:30 p.m.

Description: "Waste not, want not" is an ancient term that applies to today's eco-industrial parks. Well planned eco-industrial parks help inner cities build a competitive edge and provide healthy and sustainable reuse of brownfields, whether on contiguous parcels or at separate sites throughout the city. Experts will examine the ins and outs of getting an eco-industrial park project off the ground and talk about how to keep them working. Find out how you can attract them to your home town!

Location: Room 2203

Speakers and Affiliation:

Dr. Ed Cohen-Rosenthal (Moderator)	Cornell University
The Honorable Peter Clavelle	City of Burlington, Vermont
Dr. Suzanne Giannini Spohn	U.S. Environmental Protection Agency, Office of Policy, Planning, and Evaluation
Mr. Timothy E. Hayes	Joint Industrial Development Authority of North Hampton County, Virginia

DR. ED COHEN-ROSENTHAL

Ed Cohen-Rosenthal's career has been marked by a commitment to building innovative union-management partnerships to better the workplace, business and community environment. He is currently director of the Work and Environment Initiative (WEI). He serves on the faculty of the Cornell University School of Industrial and Labor Relations as a senior extension associate in Programs for Employment and Workplace Systems (PEWS).

He has consulted extensively to unions, companies and government agencies around the world on union-management relations, environmental improvement strategies and participatory systems. His international experience spans the globe including Asia, Australia, Eastern and Western Europe, Scandinavia, Central and South America and the Caribbean. He served on the President's Council for Sustainable Development Ecological Industrial Park Task Force and was on the 1993 Globescope Steering Committee. In conjunction with the University of Michigan, he studied employee participation in energy and natural resources conservation in the U.S. and Japan in the early 1980s. He authored a report for the European Foundation for the Improvement of Living and Working Conditions on the role of labor and management in North America for environmental improvement. He facilitates the U.S. Chamber of Commerce Dialogue on Jobs and the Environment.

Mr. Cohen-Rosenthal holds a Bachelor of Arts in philosophy from Rutgers College and a master's degree in education from Harvard University.

THE HONORABLE PETER CLAVELLE

Burlington Mayor Peter Clavelle has been involved in city management and public service for more than 25 years. During six years as Burlington's Director of Community and Economic Development (1983-1989), Mr. Clavelle developed nationally recognized programs in housing, job creation and training, and neighborhood preservation. In 1989, Mr. Clavelle was elected mayor of Vermont's largest city, continuing Burlington's tradition of pragmatic, progressive politics. His major accomplishments during his first two terms as mayor (1989-1993) include the construction of a new sewage treatment system (the largest environmental protection project ever in Vermont), the adoption of a plan for waterfront revitalization, the purchase of nearly 60 acres of waterfront land for the city's Waterfront Park and Urban Reserve, and the implementation of community-based policing. In 1993 he founded Burlington Associates, a consulting firm specializing in community development policy and planning. Elected again in 1995 and re-elected in 1997, Mr. Clavelle is now serving his fourth two-year term as mayor of Burlington, continuing his efforts to achieve sustainable economic development and an inclusive city government representing the interests of ordinary people.

MS. SUZANNE GIANNINI SPOHN

Suzanne Giannini Spohn is the team leader for Industrial Ecology at U.S. Environmental Protection Agency's (EPA) Division of Urban and Economic Development in the Office of Policy, Planning and Evaluation.

Ms. Spohn serves on the Federal Inter-Agency Working Group on Materials, which was formed in response to recommendations of the President's Council on Sustainable Development. She also serves on EPA's Risk Assessment Forum and the President's Council on Sustainable Development Working Group for Eco-Industrial Parks.

Ms. Spohn represented EPA at the Second World Congress on Zero Emissions in Chattanooga, Tennessee, the Department of Energy-sponsored Workshop on Database Needs for Implementing Industrial Ecology in San Ramon, California, Green Village Expo '96, the Southeastern Sustainable Communities Exposition in Charleston, South Carolina, the Workshop on Eco-Industrial Parks in Cape Charles, Virginia, co-sponsored by the President's Council on Sustainable Development and the Port of Cape Charles Sustainable Technologies Industrial Park, Improving the Bottom Line Through Environmental Efficiency Conference in Brownsville, Texas.

Ms. Spohn is currently working on several projects, including developing an eco-industrial park decision support model, Developing Industrial Ecosystems Tool (DIET), to optimize the mix of facilities at specific eco-industrial parks, creating an inventory of federal databases useful in materials flow analyses (for the Federal Inter-Agency Working Group on Materials), and running the Eco-Industrial Parks Webpage for the $mart Growth Network, a voluntary partnership to promote metropolitan development that serves economy, community and environment.

Before joining EPA in 1990, Ms. Spohn was on the faculties of Columbia University School of Public Health, the University of Maryland School of Medicine, and York College of the City University of New York. She worked as a microbiologist at E.R. Squibb & Sons pharmaceutical company. She holds two patents and has numerous publications in books and professional journals.

Ms. Spohn holds a doctorate in zoology from Rutgers University and a Bachelor of Arts with honors in biology from New York University.

MR. TIMOTHY E. HAYES

[Biography was not available at time of printing. Please refer to conference addendum.]

(6E) Deconstruction vs. Demolition in Site Preparation
Wednesday, September 3, 1997
3:45 p.m. - 5:15 p.m.

Description: Removing old structures from brownfields sites adds cost in the site preparation phase. Deconstruction, dismantling, and recycling can help save costs, create jobs and new businesses, and be a sustainable environmentally friendly business practice. Experts will discuss how to determine whether a deconstruction program will work in your community and how to get one started. Case studies will give you ideas for turning those decrepit lemons into lemonade!

Location: Room 2218

Speakers and Affiliation:

Mr. Peter A. Yost (Moderator)	National Association of Home Builders Research Center
Ms. Kivi Leroux	The Materials for the Future Foundation
Ms. Patricia Marvin	Marvin Company

MR. PETER A. YOST

Peter A. Yost is Assistant Director of the Structures and Environmental Systems Division of the National Association of Home Builders (NAHB) Research Center of Upper Marlboro, Maryland. He is a graduate of Virginia Polytechnic Institute and State University and the University of New Hampshire. His master's thesis research in resource economics, at the University of New Hampshire, involved a cost analysis and feasibility study of recycling gypsum wallboard waste. This research resulted in the development and implementation of a regional gypsum waste recycling program. As a former remodeling contractor for seven years, he brings practical field experience in residential construction to complement his academic training in resource efficiency issues. Mr. Yost's work at the Research Center currently includes project management of construction and demolition waste management studies. Mr. Yost regularly consults with manufacturers on building product and process development, particularly within the Advanced Housing Technology Program. Mr. Yost is a board member of the Used Building Materials Association and a member of the American Society for Testing and Materials.

Mr. Yost's past speaking engagements range from NAHB's Annual Convention to the American Society for Heating, Refrigerating, and Air-conditioning Engineers (ASHRAE) to the Energy Efficient Building Association (EEBA).

MS. KIVI LEROUX

[Biography was not available at time of printing. Please refer to conference addendum.]

MR. PATRICIA MARVIN

[Biography was not available at time of printing. Please refer to conference addendum.]

(6F) Hidden Assets: Capitalizing on Transit Access
Friday, September 5, 1997
10:30 a.m. - 12:30 p.m.

Description: Existing transit infrastructure makes brownfields more attractive to developers. Experts will examine how to leverage existing and new transit investments and make communities more livable, creating new jobs, public and private services, and recreational amenities. The panel will provide advice on making the most of your transportation assets.

Location: Room 2217

Speakers and Affiliation:

Dr. Richard Mudge (Moderator)	Apogee Research, Inc.
Ms. Vicky L. Diede	City of Portland, Oregon
Ms. Jill Kruse	Surface Transportation Policy Project
Ms. Jacqueline Leavy	Neighborhood Capital Budget Group

DR. RICHARD MUDGE

[Biography was not available at time of printing. Please refer to conference addendum.]

MS. VICKY L. DIEDE

Ms. Diede has been working for the City of Portland, Oregon for the last seven years as the manager of the Central City Streetcar Project. Prior to that, she worked in the private sector in sales, marketing and business and product development. Ms. Diede brings organizational and coordinating skills to the development and implementation of projects involving varied audiences, interests and complexities.

MS. JILL KRUSE

Jill Kruse is the research coordinator at the Surface Transportation Policy Project (STPP). Prior to STPP, she received her master's degree in community and regional planning from the University of Texas at Austin. She has authored papers on various aspects of transportation policy, including land use, social equity, safety, women's travel issues, and international transportation. Her contributions include *Mean Streets: Pedestrian Safety and Reform of the Nation's Transportation Law.* She is currently engaged in developing a Smart Growth Toolkit, which will provide local decision makers with information on various growth management tools. Ms. Kruse holds a bachelor's degree from the University of California at Berkeley.

MS. JACQUELINE LEAVY

[Biography was not available at time of printing. Please refer to conference addendum.]

DOCUMENTS THAT SUPPORT
PANEL 6F: HIDDEN ASSETS: CAPITALIZING ON TRANSIT ACCESS

NEIGHBORHOOD CAPITAL BUDGET GROUP
343 South Dearborn, Suite 910, Chicago, Illinois 60604 • Telephone (312) 939-7198 • Fax (312) 939-7480

ABSTRACT

Rediscovering West Pullman: A Chicago Neighborhood Organizes for Its Own Revitalization

A Paper Prepared by

The Neighborhood Capital Budget Group
343 S. Dearborn, Suite 309
Chicago, Illinois 60604

Submitted to:

The United States Environmental Protection Agency's
"Brownfields '97 Conference, Partnering for a Greener Tomorrow"
September 3-5, 1997
Kansas City, Missouri

For more information, or to obtain a copy of NCBG's paper, contact:

Jacqueline C. Leavy
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ABSTRACT

The Neighborhood Capital Budget Group is a nine-year-old, 501(c)(3) city wide organization. NCBG's mission is "to assure the quality of our urban infrastructure, in order to ensure the quality of life for our communities." Formed in 1988 by community organizations and local economic development groups, NCBG gives residents of Chicago's neighborhoods a voice in their governments' decision making about public works expenditures, and builds coalitions to empower low- and moderate-income communities to direct their own revitalization. NCBG has reformed the City of Chicago's capital budgeting policies, increasing city investment in neighborhood infrastructure by $1 billion since 1992. NCBG was also the lead agency in organizing for the rehabilitation of the CTA Green Line, and has championed transit oriented community economic development throughout the City.

In this paper, NCBG recounts a case history of a community organizing campaign that combined a brownfields issue, with a community driven campaign for transit oriented community economic development and revitalization of an abandoned industrial site in the heart of their neighborhood.

The community of West Pullman is located on the far southeast side of the City of Chicago. Before World War II, the area was home to a host of heavy machinery and other manufacturing operations. The industrial area was bounded on the south by a commuter rail line. Farther to the south, a residential community sprang up, primarily single family homes.

But by the late 1960s, most of the industrial companies had moved to the suburbs. Two of the historically most important employers, International Harvester and Dutch Boy Paint were among the companies to leave. They left behind a legacy of underground contaminants, unemployment, and a hole in the middle of the neighborhood.

In the early 1990s, neighborhoods throughout Chicago began to call for a commitment to retain living wage manufacturing jobs, and policies to attract new job creating businesses which would not negatively affect the environment. The public tends to associate the call for industrial development incentives to private industry, or organizations representing companies, while community residents are associated with calls for environmental clean up.

In West Pullman, residents saw the need for both job creation and environmental remediation. They realized their community had hidden assets. The Community leaders of the Victory Heights section and other community activists through West Pullman joined together to call attention to the hole in the community: Land zoned for industrial development, awaiting redevelopment, and representing an undeveloped asset. Community residents took the lead in calling for both environmental remediation and industrial redevelopment.

In this paper, NCBG recounts the history of the community residents' local organizing

campaign, their collaboration with the Capital Budget Group, and their victory in winning recognition of their vision for revitalization of West Pullman. Not only did the City of Chicago have to recognize the abandoned industrial land as a prime site for industrial redevelopment, the City and environmental agencies also agreed to invest $25 million in the clean up of the site.

The real story is just beginning: Community leaders are continuing their active role in designing and overseeing the rebirth of the area. Community organizing and coalition building continue to be vital to the effort. This case history explains the nuts and bolts of that organizing campaign. Moreover, it demonstrates how a community that wanted to make the most of its assets--even when the powers that be couldn't see the promise for future growth--were able to prevail. In West Pullman, in collaboration with NCBG, community leaders are integrating infrastructure planning, land use and transportation planning, industrial revitalization for living wage jobs, and environmental restoration.

(6G) An Ounce of Prevention: Avoiding Brownfields
Thursday, September 4, 1997
8:00 a.m. - 10:00 a.m.

Description: Practitioners will share keys for getting businesses involved in local pollution prevention programs and ways to achieve results.

Location: Room 2217

Speakers and Affiliation:

Mr. Dan Stapleton (Moderator)	GZA GeoEnvironmental, Inc.
Mr. Isao Kobashi	Santa Clara County, California
Mr. J. Kelly Mowry	Gull Industries
Mr. Edwin R. Smith	U.S. Environmental Protection Agency, Region 5

MR. DAN STAPLETON

[Biography was not available at time of printing. Please refer to conference addendum.]

MR. ISAO KOBASHI

Mr. Kobashi is currently program manager for the Santa Clara County Pollution Prevention Program. In this capacity he is responsible for the development of county-wide pollution prevention policies and programs. Under his direction, the county has taken a leadership role in developing partnerships with the metal finishing, auto repair, dry cleaning, printing, electronics and printed circuit industries that have resulted in greater understanding and adoption of pollution prevention measures by individual firms. He is currently investigating the role market-based forces such as insurance, banks, and property managers can play in preventing pollution and brownfields.

Mr. Kobashi holds a bachelor's and master's degree in economics from San Jose State University.

MR. J. KELLY MOWRY

[Biography was not available at time of printing. Please refer to conference addendum.]

MR. EDWIN R. SMITH

Mr. Smith is a brownfields coordinator in U.S. Environmental Protection Agency's (EPA) Region 5 Office. He is currently on loan to the Northwest Indiana Brownfields Redevelopment Project serving as its director. Mr. Smith has directed several brownfields "risk transfer" projects for the Common Sense Initiative Federal Advisory Council, Iron and Steel and Metal Finishing Sector Subcommittees. These include the development of a Model State/Local Brownfields Redevelopment Authority Statute for Iron and Steel properties, a Brownfields Site Transition Manual for Metal Finishers in the State of Illinois, and a study of Insurance Industry Products available to transfer risk from brownfields sites. Mr. Smith has a Bachelor of Science in chemical engineering from the University of Illinois and a Master of Science in environmental engineering from the Illinois Institute of Technology.

(6H) Made for Each Other! Brownfields and Sustainable Development
Friday, September 5, 1997
8:00 a.m. - 10:00 a.m.

Description: Redeveloped brownfields can be vital cornerstones for urban sustainable redevelopment and entire metro areas! This panel will explore the growing role metropolitan area stakeholders play in revitalizing urban areas.

Location: Room 1201

Speakers and Affiliation:

Mr. Nick Bollman (Moderator)	The James Irvine Foundation
Mr. Jonathan Barnett	City College of New York
Dr. Curtis W. Johnson	Metropolitan Council
Mr. Jonathan Weiss	Office of Vice President Albert Gore

MR. NICK BOLLMAN

Nick Bollman is senior program director for the James Irvine Foundation, a private foundation "for the people of California." He is located in the Foundation's San Francisco office, and has statewide responsibility for its activities in *sustainable communities.*

From 1987 to 1993 Mr. Bollman was program officer in community and youth development at The William and Flora Hewlett Foundation. Before coming to California in 1987, Mr. Bollman was director of the Task Force on Human Services, the "council of executives" of the nonprofit human service sector in New York City, and deputy director of the Community Council of Greater New York.

A 1967 graduate of Harvard College, Mr. Bollman has a Master of Arts from New York University in history and philosophy of education.

Active with a number of grantmaker collaborations and nonprofit organizations, Mr. Bollman currently serves as chair on services committee of president's HIV/AIDS Advisory Council (national group).

MR. JONATHAN BARNETT

Jonathan Barnett has been the urban design advisor to the city of Cleveland since 1981, and Norfolk since 1987. He has similar long-term consulting arrangements with the cities of Charleston, South Carolina, Pittsburgh and Kansas City. He is currently an advisor to the Pittsburgh Cultural Trust on plans for the downtown cultural district, the Kansas City Economic Development Corporation on new investment in the Country Club Plaza, and is preparing an action plan for downtown Miami for Dade County and the City of Miami.

His work in suburban areas includes: the master plan for Wildwood, a 67-square-mile city in St. Louis County, Missouri; the master plan for Daniel Island, Charleston, South Carolina (with Cooper, Robertson & Partners, Duany/Plater-Zyberk); design and development prototypes for the New York Regional Plan Association's Third Regional Plan, and the award-winning Highway 111 corridor plan for Indian Wells, California, where Mr. Barnett was a consultant to Johnson Fain Pereira.

Mr. Barnett is also a professor of architecture and director of the Graduate Program in Urban Design at the City College of New York, and he has been the William Henry Bishop visiting professor at Yale, the Eschweiler Professor at the University of Wisconsin, the Kea Distinguished Visiting Professor at the University of Maryland, and the Sam Gibbons Eminent Scholar at the University of South Florida.

Books about Urban Design written by Mr. Barnett include *Urban Design as Public Policy, Introduction to Urban Design, The Elusive City: Five Centuries of Design, Ambition and Miscalculation*, and *The Fractured Metropolis: Improving the New City, Restoring the Old City, Reshaping the Region.*

A magna cum laude graduate of Yale, Mr. Barnett also holds a Master of Arts from the University of Cambridge and a Master of Architecture from Yale. He is a fellow of the American Institute of Architects and a member of the American Institute of Certified Planners.

DR. CURTIS W. JOHNSON

Curtis W. Johnson is a writer on urban affairs for newspapers in the U.S., in partnership with columnist and author Neal Peirce. He is also president of the Citistates Group, a network of consultants and journalists focused on regions at the platform for economic competition and the laboratory for social analysis and action. Also, Dr. Johnson is the chairman of the board of the Metropolitan Council, a regional government in the Twin Cities metropolitan area, which plans and approves land use, water quality, affordable housing plans, urban revitalization strategies, transportation investments, parks and open space, and provides direct services for transit and sewer treatment. Formerly, Dr. Johnson served as the president of three colleges and the chief executive of a major citizen-based public policy research organization.

MR. JONATHAN WEISS

[Biography was not available at time of printing. Please refer to conference addendum.]

(6I) Community Visioning for Smart Growth
Friday, September 5, 1997
8:00 a.m. - 10:00 a.m.

Description: Community leaders will discuss how they have integrated brownfields redevelopment, pollution prevention, green business, and development of environmental technologies into their city's vision for growth. Examples that can work in your community will be shared.

Location: Room 2202

Speakers and Affiliation:

Dr. Roland Anglin (Moderator)	The Ford Foundation
Ms. Edna Bell	Wayne County, Michigan
Mr. Michael Cordes	Metro East St. Louis Eco-Industrial Park
Mr. Ben Starrett	State of Florida

DR. ROLAND ANGLIN

Roland Anglin received a Ph.D. from the University of Chicago. His graduate work and dissertation focused on economic development in poor communities in the United States. After graduate school, Dr. Anglin joined the faculty at Rutgers University in New Jersey where he taught courses on public policy, public management, and community development. He left Rutgers to join the staff of the Ford Foundation, where he served first as the program officer responsible for community development. More recently, he was asked to become deputy director for Community and Resource Development which is part of the Asset Building and Community Development Division at the Ford Foundation. Dr. Anglin still writes and publishes in the field of urban studies and public policy. He sits on the boards of numerous journals and professional associations.

MS. EDNA BELL

[Biography was not available at time of printing. Please refer to conference addendum.]

MR. MICHAEL CORDES

[Biography was not available at time of printing. Please refer to conference addendum.]

MR. BEN STARRETT

Ben Starrett serves as the administrator of the Strategic Planning and Policy Coordination Unit in the Office of the Secretary at the Florida Department of Community Affairs (DCA). He has held this position since 1989 and has served with DCA since 1984. In his position, Mr. Starrett serves as a policy advisor to the Secretary of Community Affairs on diverse issues, including growth management, energy efficiency, emergency management, housing, and economic and community development. Prior to joining DCA, Mr. Starrett worked for the Florida Legislature and for the City of Miami Springs, Florida.

While at DCA, Mr. Starrett has served as staff director of the Governor's Task Force on Urban Growth Patterns and also as executive director of the Governor's Disaster Planning and Response Review Commission. He has worked with numerous other blue-ribbon panels charged with balancing Florida's explosive population growth with the protection of its environment and the promotion of sustainable economic development. Among his current responsibilities, he is responsible for DCA's long-range planning and serves as the DCA's economic development liaison and military base reuse coordinator.

In addition, Mr. Starrett currently serves as staff director for the Urban Issues Committee of the Governor's Commission for a Sustainable South Florida. In this role he is coordinating Florida's efforts to implement the Committee's recommendations for improving urban quality of life. A key focus of his work is trying to overcome barriers to infill development and redevelopment in Southeast Florida's historic urban corridor, thereby reducing development pressures on the threatened Everglades Ecosystem. As a key strategy to overcome these barriers, Mr. Starrett has helped to create the Eastward Ho! Brownfields Partnership, which is a multi-agency partnership formed to address and resolve brownfields problems in a 100-mile long urban corridor stretching from Dade to Palm Beach Counties.

DOCUMENTS THAT SUPPORT
PANEL 6I: COMMUNITY VISIONING FOR SMART GROWTH

ABSTRACT

Eastward Ho! Brownfields Partnership: A Regional Smart Growth Strategy

L. Benjamin Starrett, Administrator
Strategic Planning and Policy Coordination
Florida Department of Community Affairs

prepared for presentation at *Brownfields '97* conference
September 4-5, 1997

Florida is engaged in a comprehensive effort to reshape urban development patterns in Southeast Florida. This initiative, known as "Eastward Ho!," is a pivotal strategy for reducing development pressures on the threatened Everglades Ecosystem. Part of this effort is an Eastward Ho! Brownfields Partnership, which brings together state, federal and local government agencies, developers, community organizations, and others to address and resolve Brownfields issues in Southeast Florida's historic eastern growth corridor. This corridor runs approximately 100 miles north/south and ranges from 5-10 miles east/west, spanning much of Dade, Broward, and Palm Beach counties. Because of the size of the area (about 750 square miles), the approach to Brownfields issues is from a regional perspective. This perspective is unique in that it seeks to link the regional Brownfields efforts to transit interconnectivity and to the entire regional growth patterns initiative. This presentation will focus on the nature of these links, and the opportunities presented by the growing national focus on Brownfields for Florida's efforts to develop in patterns that are compatible with ecosystem restoration and an improved quality of life.

for information on ordering copies of this presentation, please contact Ben Starrett at (850) 922-1600

Eastward Ho! Brownfields Partnership

A Collaborative Approach to Action

February 1997

Report of the First Meeting

The first meeting of the *Eastward Ho!* Brownfields Partnership was held February 6-7, 1997 in West Palm Beach, Florida. Over 70 professionals -- representing the environment, urban planning, housing, economic development, and community participation -- attended the kick-off meeting.

Objectives of the *Eastward Ho!* Brownfields Partnership kick-off meeting included the following:

- Achieve a common understanding of ongoing activities in the *Eastward Ho!* Corridor.
- Learn about successful Brownfields and urban redevelopment activities in other parts of the country, and understand what it takes to create an enduring partnership.
- Identify opportunities to link Federal programs with revitalization efforts.
- Agree on how various Federal, state, and local agencies can participate in the Partnership.
- Develop a collaborative approach to revitalizing the urban corridor and creating sustainable communities.
- Ensure that stakeholders are fully involved in *Eastward Ho!*

Chuck Powers did a marvelous job facilitating the workshop. He gave us the benefit of his knowledge about Brownfields throughout the two days, while skillfully elucidating the insights emerging out of our guest speaker's presentations and the participants' discussions.

In his opening remarks, Chuck noted that when he first heard about the work on Brownfields being organized in South Florida, he thought "Those folks have got something." By basing the clean up of contaminated properties on health, welfare, environmental factors, and economic reuse, the Partnership can reach out across boundaries to create a broad base of support.

He reminded participants that the outside "experts" that have been brought in to discuss the redevelopment of Brownfields should be seen as people with experiences that can be drawn upon and adapted for use in South Florida. And, because Brownfields cleanup is an incredibly complex process, the Partnership must tap the right resources in the right way and focus on the broader concept of redevelopment and sustainability. (See insert for additional facilitator comments.)

What are Brownfields and What is the Eastward Ho! Brownfields Partnership?

Brownfields are abandoned, idle, or under-used industrial and commercial properties where expansion or redevelopment is complicated by real or perceived contamination.

The **Brownfields National Partnership** is based on the principle that contaminated properties can be cleaned up and put back into productive use. It is a new effort to link environmental protection with economic development and community revitalization in order to put in place a program that differs from programs of the past -- one that meets the needs of communities by bringing public and private organizations together to solve the problems of environmental contamination.

The **Brownfields National Partnership** seeks to protect public health and the environment by cleaning contaminated properties, creating jobs, providing opportunities for private investment, and expanding local economies. Spearheaded by the U.S. Environmental Protection Agency (U.S. EPA), many Federal agencies have joined together to work with communities to achieve these goals.

The ***Eastward Ho!* Brownfields Partnership** is an effort to put the national principles into practice at the regional and local levels in South Florida.

For more information about the Brownfields National Partnership, contact:

Barbara Caprita or Matt Robbins
U.S. EPA Region 4
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Atlanta, GA 30303-3104
phone: 404-562-9969 fax: 404-562-8628
e-mail: caprita.barbara@epamail.epa.gov
robbins.matt@epamail.epa.gov

Participating Organizations

The first meeting included representatives from:

Broward County Department of Natural Resources Protection
Center for Neighborhood Technology
City of Miami
Cuyahoga County, Ohio
Dade County Department of Environmental Resources Management
DEEDCO
Duwamish Coalition
Earthwise Productions, Inc.
FAU/FIUs Joint Center for Environmental and Urban Problems
Florida Department of Community Affairs
Florida Department of Environmental Protection
Florida Department of Transportation
Florida Governor's Office
Governor's Commission for a Sustainable South Florida
Growth Management Institute
Institute for Responsible Management
Legal Environmental Assistance Fund
Local Initiatives Support Corporation
The McArthur Foundation
National Audubon Society
National Park Service
The Nature Conservancy
Northeast/Midwest Institute
Palm Beach County Department of Environmental Resources Management
P.B.C. Workforce Development Board, Inc.
South Florida Regional Planning Council
South Florida Water Management District
Southern Environmental Business Council
Treasure Coast Regional Planing Council
US Army Corp of Engineers
US Department of Agriculture NPS
US Department of Agriculture NRCS
US Department of Commerce -- National Oceanic and Atmospheric Administration
US Department of Defense
US Department of Energy
US Department of Housing and Urban Development
US Environmental Protection Agency
US General Services Administration

What is Eastward Ho!?

The *Eastward Ho!* initiative grew out of a recommendation made by the Governor's Commission for a Sustainable South Florida (GCSSF) in its October 1995 initial report. The initiative focuses on encouraging infill, development, and redevelopment of lands not adjacent to the Everglades. The underlying concept is to redirect growth away from southeast Florida's remaining environmentally sensitive prime water resources and prime agricultural lands, and into eastern areas that have been passed over, underutilized, or allowed to deteriorate.

GOAL OF THE EASTWARD HO! BROWNFIELDS PARTNERSHIP

The goal of the Eastward Ho! Brownfields Partnership is to develop a strategic, collaborative approach to Brownfields, using Eastward Ho! as the template and linking environmental protection with economic and community revitalization consistent with emerging concepts of sustainable development.

The *Eastward Ho!* Corridor stretches 85 miles along the eastern side of South Florida between the Florida East Coast (FEC) and the Chesapeake Seaboard (CSX) railroad tracks. The Corridor contains Southeast Florida's "historic industrial core," three major downtowns, three deepwater seaports, and three international airports. (See map, page 3.)

Currently, 44% of the region's population resides in this corridor. Of the projected two million "new" residents of South Florida in the next 20 years, nearly four out of five are expected to settle outside the *Eastward Ho!* Corridor. To alter these projected patterns of development will require a coordinated, aggressive effort to remove social, economic, regulatory, and financial barriers to infill, development, and redevelopment in the *Eastward Ho!* Corridor. The *Eastward Ho!* Brownfields Partnership is an important part of this effort.

For more information about *Eastward Ho!*, contact:

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South Florida Regional Planning Council
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WHAT IS A "SUSTAINABLE COMMUNITY"?

A sustainable community is one which seeks improved public health and a better quality of life for all residents by limiting waste, preventing pollution, maximizing conservation, promoting efficiency, and developing local resources to enhance the local economy. (Governor's Commission, 1995.)

What is Already Going on in the Eastward Ho! Corridor?

❑ **Broward County:** Gary Stephens, Deputy Director of the Broward County of the Department of Natural Resource Protection noted that:

1) Redevelopment of Brownfields is about *areas* -- not about individual parcels of land.

2) Brownfields provide a framework for addressing *all* contaminants in the area.

3) Brownfields provide an opportunity for the environmental community and EPA to assess and clean up areas of the country. However, the Brownfields program focuses primarily on community redevelopment -- not environmental protection.

❑ **Dade County:** Doug Yoder, Assistant Director of the Dade County Department of Environmental Resources reported that Dade County has created a Brownfields Task Force that is working to identify and inventory Brownfields sites, and to develop a community outreach program. Of the 3,300 contaminated sites in Dade County, half involve petroleum contamination and the vast majority lie within the *Eastward Ho!* Corridor. The "carrots" for redevelopment include liability protection, and tax abatements and incentives. He suggested that we need to make it easier for the development interests to do what we want with regards to Brownfields redevelopment, such as offering one comfort letter, and linking environmental reclamation with economic development and transportation.

❑ **STATE OF FLORIDA:** Joe McGarrity, Florida Department of Environmental Protection, noted that the State of Florida focuses its efforts on Superfund sites, and does not currently have a formal Brownfields program. However, legislation will be under consideration during the Spring session of the Florida Legislature, and major issues include:

- Program Definitions: How does a Brownfields program differ from a voluntary cleanup program?
- Program Eligibility: Who can receive assistance?
- Liability: What types of liability should apply?
- Cleanup Criteria: What standards should apply?
- Project Oversight: Who is responsible for monitoring?
- Communication and Local Government Interest: Is the process acceptable? Will local governments assist in the process?

***Eastward Ho!* Corridor**

❑ **US ENVIRONMENTAL PROTECTION AGENCY:** Matt Robbins, EPA Region IV (Atlanta), noted that the nation's governors and mayors have come to recognize that Brownfields *are* important. Local governments in South Florida should not wait for Federal grants, but should form a partnership *now* and get busy! EPA is anxious to work with local governments to develop a vision for the future, and to provide the resources and technical assistance needed to achieve that vision.

Federal Partners

Representatives from six Federal agencies made brief presentations about programs they have in place or are developing that can help communities redevelop their urban areas.

US EPA OSWER ..... Ben Hamm
US EPA Region 4 ..... Matt Robbins
US EPA Transportation Partners .... Lee Ellis
US EPA Smart Growth Network ..... Harriett Tregoning
US HUD HQ ..... Paul Gatons and Kevin Neary
US HUD Region 4 ..... Amarilis Amoros
US Army Corps of Engineers ..... Peter Besrutschko
USDA NRCS ..... Thaddeus Hamilton
GSA ..... Paul Martin
US DOC NOAA ..... Kenneth Walker and Christine Eustis

Elizabeth Collaton of the Northeast - Midwest Institute described other agencies' programs, including the US Department of Commerce Economic Development Administration which has emphasized its interest in assisting the Partnership; the National Park Service Rivers, Trails, and Conservation Assistance Program; and the US Department of Transportation's Federal Transit Administration. An addendum to this report will be available in the near future listing Federal programs and Federal and regional contacts, thanks to Ms. Collaton's generous offer.

BROWNFIELDS CLEANUP AND URBAN REVITALIZATION ACROSS THE US A NATIONWIDE LOOK

ELIZABETH COLLATON of the Northeast - Midwest Institute has studied Brownfield experiments in different cities across the country. She presented the highlights of the lessons learned from successful reuse projects based on recent Institute research and analysis of individual case studies. Successful Brownfields redevelopment involves:

Brownfields Cleanup and Urban Revitalization Across the U.S. --Chicago, Illinois

THE CHALLENGE AND THE OPPORTUNITY

SCOTT BERNSTEIN, President of the Center for Neighborhood Technology, spoke about a revitalization effort in Chicago, Illinois, and presented his insights about the challenges and opportunities facing southeast Florida.

Brownfields are a regional problem that transcend the ability of local governments. However, one mammoth regional government is not the solution either. To form a partnership based on Community-based Regionalism, we must:

- Characterize Brownfields as a regional issue.
- Focus issues broadly and develop a broad base of support; and
- Build collaborative relationships among Federal and state agencies while building local capacity, including in the private sector, to get the right division of labor.

Throughout the country, transportation decisions have led to urban disinvestment. In the *Eastward Ho!* corridor, we have an opportunity to develop a strategy for urban reinvestment that encourages Brownfields redevelopment around transit stations. What we need is a steadfast vision, an ability to prove that there is a benefit to choosing the *right* location, and a commitment to develop the tools and policies that lead to the *right* choices to locate in the *right* places.

Scott specifically noted the five key principles articulated by the Chicagoland Transportation and Air Quality Commission, which are 1) Make the most of existing transportation facilities before constructing new ones; 2) constrain sprawl through public investments targeted to existing communities and transit, rather than new roads; 3) adopt a system of regional tax base sharing; 4) create a new, democratically representative regional transportation and land-use planning agency which invests equitably throughout the region; and 5) complement regional planning with community planning.

Lessons Learned

- The context for Brownfields is community reinvestment.
- Commit to get the tools to do the job.
- Develop a steadfast vision and process to broad-based engagement.
- Create and area-wide or regional framework.
- Give the community standing in decision-making.
- Recognize that a sustainable community is defined by the capacity to act together.
- Identify the benefit to reinvestment relative to cost.
- Franchise the opportunities for environmental protection and sustainability.
- Unlock the imagination of the people.

For more information contact:
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Eastward Ho! Brownfields Partnership

The View from the Facilitator

To understand the significance of the first *Eastward Ho!* Brownfields Partnership meeting -- an effort to link Brownfields cleanup, preservation of the Everglades, and sustainable development in one of the nation's fastest growing regions -- one must first understand Brownfields, the newly-added element in the rich brew blended there.

The Legacy of Hazardous Waste

Legacies are complex. The nation has sent a message through its hazardous waste laws that all hazardous materials must be protectively managed. Ironically, however, the turbulence that has accompanied hazardous site clean-up had actually helped quicken the nation's tendency to expand into previously unused and clean areas known as greenfields. That pattern of development has helped accelerate abandonment of our existing infrastructure; deterioration intermixed with real and suspected contamination scars the face of urban America. The diagram below illustrates the fundamental concept and suggests the complexity of what is involved.

HOW CAN WE COORDINATE REDEVELOPMENT WITH CLEANUP?

THE FUNDAMENTAL BROWNFIELDS CHALLENGE

The *Eastward Ho!* Brownfields Partnership's formula for reversing this trend is simple: we will clean up contaminated property most beneficially and most quickly when we link that cleanup to reuse. But while simple in concept, executing a fundamental transformation of how America treats its sullied places of business and commerce is a major challenge.

Strategies for Addressing Brownfields

Although a few states had identified the reuse of sites as an issue in the late 1980's, the link between remedy and use is a phenomenon of the 1990's and crystallized for both the states and EPA in 1994. (This development is recorded for 14 states and EPA in IRM's State Brownfields Policy and Practice, 1995.) In a period of just three years, addressing Brownfields has evolved from a brand new idea into the centerpiece of a major national effort though which Americans across the country are acting in more integrated ways to address a complex range of environmental and public issues. Stakeholders at the city, county, state, and Federal level are moving with both commitment and imagination to discover what new tools, rules, and resources are needed to implement this basic idea.

Brownfields efforts focused in the early years on trying to expedite protective cleansing of tainted commercial and industrial properties by focusing on policies designed to include and assure that the subsequent uses of individual properties would also be industrial and commercial. But as we gain an understanding of how to treat individual parcels, the Brownfields idea has been relentlessly expanding. Focus first moved from individual sites to small tracts of contiguous property. In some places, Brownfields are now the focus of city-wide planning. Seventy-eight cities and states now participate in the EPA pilot program which is testing a broad range of approaches on identifying, assessing, and developing the financial support to carryout successful Brownfield cleanup strategies that take into account all of the factors identified in the accompanying matrix.

A Matrix of Key Brownfields Variables

Range of Site Listings Types	Scope of Target Sites	Expected Agent(s) of Cleanup
Type of Site(s) Contamination	Projected Future Use of Site(s)	Prior Use of Target Sites
Location of Site(s) Contamination	Authority for Cleanup	Oversight Approach
Current Ownership Type	Remediation Approach	Assessment Approach
Public Participation	Cleanup Financing Approach	Types of Assurances to be Used
Related Economic Development Activities	Local and Regional Context	Identification of Leadership Catalyst(s)

And, with meetings exemplified by the *Eastward Ho!* Brownfields Partnership meeting in West Palm Beach in February 1997, Brownfields are now beginning to be seen as integral in the effort to think even more broadly

and creatively about how best to link economic development with ecological wisdom at a regional level. There is a palpable connection between saving the Everglades on the western border of the South Florida tri-county area and achieving infill of the broad expanses of urban contamination and decay to be found along the eastern corridor of the participating counties. And the impending population explosion forecast for this region raises the stakes dramatically.

Achievements of the Eastward Ho! Brownfields Partnership Kick-Off Meeting

A major achievement of this first *Eastward Ho!* Brownfields Partnership meeting was the commitment of its participants to avoid the pitfalls of excess abstraction that so often doom implementation when big ideas merge. There were three reasons why the meeting kept focused:

First, the local participants were persistently concrete about the kinds of problems they face and how public policy provides both some opportunities and many obstacles to effective infill strategies for Brownfields. On page 3 of this report are several descriptions from the local participants; but throughout the two days, private and public officials kept citing specific areas and specific barriers that needed to be addressed. And in response came specific, solid proposed solutions.

Second, the meeting heard from three Brownfields leaders (Scott Bernstein, Virginia Aveni, and Tom Boydell) who brought specific descriptions of situations on which they had worked which were analogous to problems likely to be encountered in South Florida. From Chicago, Illinois; Cuyahoga County, Ohio; and Seattle, Washington came the veterans of key efforts to turn the tide in these communities toward reuse and away from previous patterns of abandonment. Each of these speakers demonstrated a firm grasp on the particular challenges of contamination in the arena in which they work. These experts described with clarity how local leadership gave rise to the formation of groups whose diverse skills, perspectives, and resources were melded into effective and specific action. In addition, Elizabeth Collaton of the Northeast - Midwest Institute described the research from 20 case studies which has given rise to a list of success factors needed for local reuse efforts. See pages 4, 5 and 6 for boxes describing the three area-specific presentations and page 4-5 for the Collaton summary.

Third, federal officials who had listened carefully for a full day then described more than a dozen programmatic responses being developed by diverse Federal agencies to the Brownfields challenge as part of the new Brownfields National Partnership. The timing was important. The federal presentations creatively linked the Federal capacity to the South Florida situation. This allowed local officials to seek additional clarity, and fostered a dialogue as the result of which Federal officials were able to carry back specific needs to their ongoing agency deliberations. See page 4 for the list of Federal partners.

This interplay of a focus on local realities and opportunities, stories of how other able professionals have addressed analogous situations, and input about how additional resources could be tapped created a sense of both enthusiasm and momentum which carried into the meeting's final session. At that point I, as the facilitator, simply got out of the way and the local South Floridians took control of their meeting and laid the groundwork for their continuing initiative (see pages 6 and 7)

The Future of the Eastward Ho! Brownfields Partnership

I have attended many formative Brownfields meetings. Never has the challenge undertaken been as broad as the one which South Floridians have given themselves under the *Eastward Ho!* Brownfields Partnership. But rare is the resource as important to protect as is the Everglades. Rare, too, are there tracts of land like those found in this tri-county corridor of once and twice used -- now idle -- property whose protective rehabilitation could be so rewarding for all who help make it a reality. The Partnership will succeed in its goals by maintaining the dialectic between a broad, worthy vision on the one hand, and the devilishly difficult test of achieving cleanup and reuse block by block in the many cities which make up this corridor on the other.

For more information, contact:

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Local Institutional and Organizational Capacity

- Presence of active local governments (e.g. cities that act as Brownfields "brokers")
- Consolidation of resources/expertise in one group (e.g. legal, engineering, finance, planning, etc.)
- Strong public/private partnership
- Strong project leadership
- Good Federal/state/local coordination

Meaningful Community Involvement

- Collaboration between local governments and the Brownfields committee organization, including a formal feedback mechanism
- Community visioning for sustainable growth
- Job training tailored to existing and expected jobs

Legal and Regulatory Certainty

- Liability relief for innocent purchasers
- Cleanup standards tiered to land use
- Simplified voluntary cleanup programs

Financial Assistance

- Location of the property (e.g. need an inventory of sites coupled with identification of important ecosystems/business trends/or other significant indicators to help target resources most effectively)
- Ability to piggy-back onto infrastructure funding and other local development projects

For more information about these case studies, contact:

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Washington, DC 20003
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e-mail: ecollaton@nemw.org

Outcomes of the First Meeting

At the conclusion of the *Eastward Ho!* Brownfields Kick-Off Meeting, the participants agreed on four areas worthy of further exploration:

The Organizing Principle: Community-Based Regionalism

There should be a stable vision for the region, and a local construct that is recognized as taking the lead.

Brownfields Cleanup and Urban Revitalization Across the U.S. – Cleveland, Ohio

Community-based Efforts are the Key to Success

Virginia Aveni is Manager of Environmental Planning for the Cuyahoga County Planning Commission. She provided insights on the importance of community involvement in decisions about redevelopment.

Brownfields redevelopment needs a strong community-based system working in parallel with government agencies. A dual-track organizational scheme is stronger, more enduring, and helps avoid the appearance that it is government-driven. Cuyahoga County formed a broad-based coalition, and, rather than sweeping divisive issues under the rug, created panels of affected and knowledgeable people around these issues to keep dialogue going.

The Cuyahoga group has achieved some positive results over the past 12 - 18 months, including passage of several laws and changes to key regulations. Next steps include going back to the neighborhoods, teaching people what the laws mean, and showing people what's likely to happen – including use of GIS as a tool that allows people to see the connection between specific parcels of land.

Virginia noted that the impediments they faced were the cost of redevelopment, liability issues, and the lending strategies of the financial institutions. She also described how difficult it is for local government to put in place a management structure for intergovernmental work. Finally, she noted that land assembly of little, narrow pieces of property is very transaction-driven work.

Lessons Learned

- Educate people to highlight the issue and gain support.
- Develop a broad mission statement.
- Use a community-based process that parallels the bureaucratic process, and integrate the two.
- Recognize that land use is a local decision and so is the control of redevelopment.
- Understand that environmental justice is central to what is going on.
- Government can act as a facilitator for local, community projects.
- A State Revolving Load Fund is a powerful tool.
- Recognition and support from the state and Federal governments helps a lot.

For more information contact:

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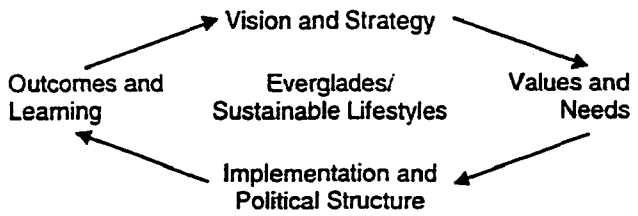
One monolithic organization, however, is not the answer. The key to success is to create a two-tiered, interlocking system. At the Federal and state levels, we need to figure out how to better coordinate the delivery of services in a seamless way. And, at the local level, we need to build the ability of communities to articulate their needs and values and to take advantage of the many Federal programs and resources. Conceptually, the structure is a series of modes and nodes:



The Strategy: Create a Vision, Place Value on the Region's Assets, and Keep Score

Land use is *always* a local decision, and final decisions will *always* be made at the local level. The core question is: how do we change the incentives and rewards for developing in the right place? One strategy is to identify the natural resources that are local assets and that are essential to long-term sustainability, and then go through a process to:

- Create a steadfast vision for the region
- Inventory the assets
- Capture the benefits/value added
- Develop policies that leverage the assets/value (e.g. create incentives/rewards for developing in the right places)
- Keep score

A conceptual framework for building an inclusive community-based region for genuine progress was developed by some of the participants. The mission of the so-called **South Florida Compass Network** would be to assure that the South Florida economy collectively uses community, economic and ecological assets to achieve prosperity and sustainability for all. Such a network would achieve this through the development of:

- Scorekeeping systems which value local assets;
- Market development to use these scores to capture the value of sustainable development locally; and
- Community-based planning, investing, and governing to assure a fair distribution of the benefits achieved.

Brownfields Cleanup and Urban Revitalization Across the U.S. – Seattle, Washington

Brownfields Revitalization is Linked to Regional Growth Management

Tom Boydell described the Duwamish Coalition's efforts to foster redevelopment throughout an industrial area that crosses multiple jurisdictions.

The economy of the Seattle-Tacoma area still depends largely on its natural resources, and Brownfields redevelopment emerged as part of the region's overall growth management strategy to protect these natural resources -- including the critical linkage between ground and surface water. One key task involves mapping and analyzing groundwater pathways as an organizing principle for the Brownfields redevelopment strategy. The Coalition hired consultants to survey the industrial area to identify issues, and 203 properties were identified and examined.

The Duwamish Coalition is a massive enterprise: 275 members meeting on a monthly basis, and subcommittees focusing on five issue areas (Brownfields, water quality/environment, transportation /infrastructure, regulatory issues, and job training). These subcommittees are open, frequently share projects across committee lines, and make recommendations to the Steering Committee, which reviews for consistency only -- no second-guessing!

Lessons Learned

- Create a shared vision for the region (but respect the constraints of those who have to implement!).
- Stress on-going development of goals.
- Cultivate openness, localness, and learning.
- Foster interagency coordination.
- Establish a broad coalition of support, and avoid "takeover" by any one group.
- Coordinate cleanup and reuse: don't clean up without a designated reuse.
- Risk Based Corrective Action is the basis of a new state-wide regulatory framework.
- Tax revenue bonds don't work but allowing a tax deduction for the full cost does.
- It would be helpful if a public development authority could do land assembly.

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A corollary framework was suggested in the meeting. Termed the **South Florida MAP (Metropolitan Action Project)**, its mission would be to develop systems for governmental accountability to our citizens and communities. The mission of this project would be achieved by:

- Building community leadership and organizing capacity;
- Developing sister city relationships between urban and suburban communities around planning and action;
- Ensuring that the tools developed by the Compass Network are used for community benefits

Examples of the kinds of indicators that might be included in the South Florida Compass include:

- Infrastructure costs
- Fiscal costs
- Equity (e.g. who pays)
- Quality (e.g. education)
- Dislocation
- Perceptions of land available for development
- Collocation with existing hubs
- Degree of regional cooperation
- Man-hours for permitting process
- Dollars dedicated to transportation infrastructure
- Match between jobs and housing
- Mixed land use, mixed income
- Home ownership
- Code enforcement
- Crime/safety

The Template: A Regional Assessment of Brownfields

Traditionally, Brownfields have been approached on a site-by-site basis. In the *Eastward Ho!* Corridor, we need to develop a regional approach to redevelopment. This is a very complex and difficult task that has never been undertaken before. It involves conducting a site assessment on a regional basis, performing triage, and then linking up with the development community. Steps include:

- Determine the purpose of the assessment
- Reach agreement on the assessment criteria (including an MOA among the counties)
- Map important resources (especially ground and surface water)
- Educate the lending community
- Link with existing infrastructure
- Harmonize databases among counties
- Involve economic development and planning departments
- Screen sites based on established criteria
- Market the exercise and the results with the real estate and development communities

The Framework: Laws and Regulations as Incentives

The success of *Eastward Ho!* and Brownfields redevelopment depends on finding solutions to liability issues and creating incentives for investors and developers. Key features of a workable solution include:

- Clear reporting requirements
- Mutual agreement on cleanup standards
- Liability authority/risk
- Coordination/interaction on permitting
- Incentives/disincentives

For more information on the EPA South Florida Urban Initiative, contact:

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Mark Your Calendars

The Second Meeting of the
***Eastward Ho!* Brownfields Partnership**
will be held

June 12-13, 1997 in Miami, Florida

PREVIEW

- ✔ Regional Assessment: Getting our Hands Dirty
- ✔ Scorekeeping: Creating a Market for *Eastward Ho!*
- ✔ Organizing for Community-based Regionalism
- ✔ Update on Liability Issues
- ✔ Transportation Partners: The Backbone

Eastward Ho!
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Eastward Ho!
Revitalizing Southeast Florida's Urban Core

Eastward Ho! Brownfields Partnership

A Collaborative Approach to Action

February 1997

Look Inside to Find:

- What is the Eastward Ho! Brownfields Partnership?
- Brownfields Cleanup and Urban Revitalization Efforts Currently Underway in Southeast Florida
- Outcomes of the Eastward Ho! Brownfields Partnership Kick-Off Meeting
- Lessons in Urban Revitalization Presented by Experts from Around the Country

(6J) What's In It For Me?: The Competitive Advantage of Brownfields
Friday, September 5, 1997
10:30 a.m. - 12:30 p.m.

Description: Case studies will examine how the barriers to development can be quantified, the costs managed, and sites innovatively reused to make brownfields competitive against greenfields sites.

Location: Room 1202A-B

Speakers and Affiliation:

Mr. Charles Bartsch (Moderator)	Northeast-Midwest Institute
Mr. Jay Grover	Chiron Corporation
Mr. Tom Stolle	U.S. Environmental Protection Agency, Region 3
Mr. James White	Community Development Agency

MR. CHARLES BARTSCH

Charles Bartsch is a senior policy analyst at the Northeast-Midwest Institute, specializing in economic development issues. He is the co-author of numerous publications on brownfields opportunities, including the Institute's pioneering *New Life for Old Buildings: Confronting Environmental and Economic Issues to Industrial Reuse* (1991). Most recently, he has written a series of papers on brownfields financing, including *Financing Brownfield Reuse: Creative Use of Public Sector Programs,* and has co-authored (with Elizabeth Collaton) the landmark *Coming Clean for Economic Development* and *Brownfields: Cleaning and Reusing Contaminated Properties* (the latter published by Praeger). Mr. Bartsch's writings on economic development and brownfields issues have been published in *Economic Development Quarterly*, CUED's *Economic Development Commentary, Public Utilities Fortnightly*, and *Issues in Science and Technology*, among others. Mr. Bartsch has testified several times before Congress on various aspects of the brownfields issue, and worked closely with key staff to identify appropriate federal strategies to meet specific brownfields needs. In addition, he has spoken on brownfields redevelopment and finance issues at dozens of conferences around the country, before lenders, lawyers, state and local officials, and others interested in promoting brownfields reuse.

MR. JAY GROVER

Jay Grover is director of environment, health and safety for Chiron Corporation, a leading biotechnology company headquartered in Emeryville, California. Chiron develops products that diagnose, prevent, and treat human disease, and has approximately 7,500 employees worldwide. Mr. Grover has 20-plus years of research and management experience in the biotechnology industry and has been with Chiron since 1991. He has a Bachelor of Arts in biological science from University of the Pacific, a Master of Arts in environmental biology from University of Colorado, and a master's degree in business administration from University of California, Berkeley. He has a broad management background and has held a variety of positions in addition to environment, health and safety (EH&S), including corporate services, information systems, facilities development, real estate, and community and government relations. Prior to his current responsibilities as head of corporate EH&S, Mr. Grover managed the environmental impact/entitlements process for Chiron's long-range facilities development program, which resulted in the securing of regulatory approvals for a 2.2 million square foot, 25 year suburban infill project to develop a state-of-the-art biotechnology R&D/administrative campus on a 25 acre industrial site adjacent to Chiron's headquarters facilities, and, as part of his EH&S responsibilities, now oversees the environmental remediation activities accompanying the development and buildout of that project.

MR. TOM STOLLE

[Biography was not available at time of printing. Please refer to conference addendum.]

MR. JAMES WHITE

[Biography was not available at time of printing. Please refer to conference addendum.]

DOCUMENTS THAT SUPPORT PANEL 6J: WHAT'S IN IT FOR ME?: THE COMPETITIVE ADVANTAGE OF BROWNFIELDS

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FINANCING BROWNFIELD REUSE: CREATIVE USE OF PUBLIC SECTOR PROGRAMS

by
Charles Bartsch

Produced for use of participants in Brownfields '97

The legacy of the nation's industrial past is evident in communities all across the country. Often abandoned, usually contaminated industrial sites dot the cityscape. They pose significant challenges for local elected officials and economic development agencies. Bringing new activity to these "brownfield" sites can be a costly proposition. The complicated process and legal hurdles of acquiring, cleaning, and reusing these sites can be expensive in terms of site preparation expenses and fees, and costly in terms of time delays. Site evaluation processes, testing, possible legal liabilities, and other factors serve to deter private participation in activities to bring old industrial sites back to productive use. In many situations, the private development and financial sectors are not able or willing to act on their own to ensure that the full economic potential of site reuse will be achieved.

In most areas, adequate private financing to carry out both cleanup and redevelopment activities is simply not available. In practice, financial institutions coping with concerns over environmental liability and contaminated project sites are making a number of determinations that influence their lending policies. Some are changing the focus of their lending targets, in practice, cutting off financing for certain types of businesses, such as those that routinely handle toxic substances -- service companies such as dry cleaners and auto body shops, as well as manufacturers such as high technology metal fabricators, semiconductors, and tool and die shops. And nearly all financiers now require additional documentation that can significantly increase transaction costs, by requiring thorough environmental assessments (which can easily cost $50,000 or more), as well as necessary cleanup as a condition of loan approval.

Governments at all levels can find creative ways to help enterprises overcome the obstacles that environmental contamination brings to the economics of the site reuse process; such actions range from regulatory clarification for liability stemming from loan workouts to direct financial assistance programs. For decades, federal agencies have used

or sponsored public finance mechanisms to stimulate economic activity in certain geographic areas or industries. Now, publicly-driven economic development initiatives are reaching into new sectors and incorporating new concerns, such as environmental improvement. Brownfield reuse strategies and techniques are rapidly evolving. This paper describes key federal programs that are now helping communities meet the challenges of brownfield redevelopment; it also points out some of the current difficulties that prospective program users face, and how such programs could be given a creative brownfields "spin", urging them to cross traditional spheres of activity to tackle complex new situations like contamination, cleanup, and related liability concerns.

Federal Financing Tools: Fitting Existing Programs to Brownfield Needs

HUD PROGRAMS

Existing programs such as those offered by HUD can play a critical role in local economic development, and such efforts need to incorporate brownfield project circumstances into their guidelines. Cities and towns across the country use HUD resources to support a wide variety of financial assistance programs—loans and loan guarantees, grants, and technical assistance—to help spur economic revitalization and growth. HUD initiatives will continue to play an important role in state and local strategies to encourage the renovation and reuse of older industrial facilities, even as the issues influencing their reuse evolve to focus on environmental concerns. In spite of program changes and limitations, HUD efforts harbor considerable potential for future use.

Community Development Block Grants. The CDBG program is one of the most useful federal initiatives remaining to provide direct funding for activities that support the reuse of industrial sites. Distributed by HUD according to formula, CDBG resources can be used to finance the rehabilitation of privately owned buildings and sites, covering specific costs related to labor, materials, construction, or renovation. They also can pay for services such as entrepreneurial counseling, preparation of work specifications, loan processing, and site inspections.

Block grant funds are particularly well-suited to the "new generation" of industrial site reuse projects, which bring a much stronger focus on environmental concerns. Large and small cities can use CDBG funds for grants, loans, loan guarantees, and technical assistance activities. Specifically, HUD has determined that eligible CDBG expenses include both the costs of environmental reviews, as well as the actual cleanup of identified hazards.

In 1994, HUD proposed changes in its CDBG regulations to increase the program's flexibility at the local level and to make it more suitable to projects that involve environmental problems impeding site reuse activities. In particular, the department suggested that the occurrence of "economic disinvestment" due to environmental contamination would qualify areas for designation as "blighted," and therefore be eligible for CDBG assistance. Such a rule change permits communities to help rescue valuable industrial and commercial properties before they deteriorate to the point of no return; intervening before such levels of deterioration take place can reduce cleanup and redevelopment costs significantly.

In the past, CDBG's potential as an economic development tool has been constrained by regulations — both in the written rules themselves, and in their interpretation and implementation by specific HUD field offices. Many communities have struggled with rules requiring localities to provide extensive documentation in order to prove that their efforts were in fact helping low- and moderate-income persons. Others have faced difficulties in carrying out brownfield-related activities because of HUD program monitors' narrow interpretations on the "appropriateness" of such projects. Much of this documentation is difficult to compile in a timely way, leading to delays that derail projects. In response to such complaints, HUD now is moving in a direction that makes it easier to use CDBG for economic development purposes and that streamlines the documentation required to justify such use.

Section 108 Loan Guarantees. A related HUD program, known as Section 108 loan guarantees, enable local governments to finance physical and economic development projects too large for front-end financing with single year CDBG grants. Under Section 108, localities issue debentures to cover the cost of such projects, pledging their annual CDBG grants as collateral. The debentures are underwritten and sold though public offering by a consortium of private investment banking firms assembled by HUD, which guarantees each obligation to ensure a favorable interest rate. Local governments can use their annual CDBG allocations to pay off these obligations, although most use income generated from the development project for some or all of the payments.

Activities undertaken with money from loans guaranteed under Section 108 must meet the basic requirements of the CDBG program. Among the eligible activities are property acquisition, clearance or rehabilitation of obsolete structures, construction of public improvements such as water and sewer facilities, and site improvements -- which can include removing hazardousd wastes and toxic substances. Chicago is one of the first cities to tap the Section 108 program on a significant scale for resources to use in preparing identified brownfield sites for redevelopment; some $50 million in guarantees will be used, starting in late 1996, to assemble, clean, and prepare multi-acre sites for new industrial uses -- a market demand that city officials have identified and would like to help fill.

Several years ago, Congress extended HUD's Section 108 authority to states, to use for development projects in small cities that do not get an annual CDBG entitlement that can be pledged as collateral. Basically, states can pledge their own allocation on behalf of their small cities. To date, though, few states have secured Section 108 benefits for their small communities, and no state has used Section 108 for brownfield purposes. This tool has considerable potential to help small cities -- many with little capacity of their own -- work to bring new use to contaminated properties.

Community Development Block Grant "Float". Generally, CDBG recipients are unable to use their entire block grant allocations in the year received; long-term, larger projects (such as infrastructure construction) approved for funding take more than a year to plan and carry out. According to HUD rules, funds not needed to meet current project costs remain in the federal treasury until the city actually needs them; it is not unusual for CDBG funds awarded one year to be drawn down a couple of years later as big capital projects move towards completion.

When a city can show that previously awarded CDBG funds will not be needed in the near term, it may tap its block grant account on an interim basis -- using what HUD calls a CDBG "float" -- to finance short-term, low interest construction financing for projects which create jobs. Any developer, not-for-profit agency, or private company which can obtain an irrevocable letter of credit from a lender is eligible to apply for such financing. (The letter of credit satisfies HUD's concern that the funding will be available for its originally planned purpose.)

Proceeds may be used to pay all costs for the purchase of land and buildings, site and structural rehabilitation -- including environmental remediation -- or new construction. Float funds can also finance purchase of machinery and equipment. Maximum loan size is determined by the amount of funds in a jurisdiction's CDBG account available to cover the float. Float loans can not be extended for more than two years; the interest rate is limited to 40 percent of the prevailing prime rate. A few municipalities, notably Chicago, have financed small-scale (ranging from $25,000 to $50,000) brownfield cleanup activities in targeted neighborhood areas via the CDBG float mechanism.

Empowerment Zones and Enterprise Communities. Empowerment zones (EZs) and enterprise communities (ECs) are geographic areas targeted to receive special federal treatment and incentives in order that private investment and other economic activity might be attracted to them. Depending on the plan developed for each area, benefits can include financial, regulatory, as well as technical assistance.

In December 1994, HUD and the Department of Agriculture named 95 enterprise communities (65 urban ECs and 30 rural ECs), as well as nine empowerment zones (six

urban EZs and three rural Ezs). Designation brings several benefits to the selected areas, including $100 million in social service grants for each of the urban EZs, $40 million to each rural zone, and $3 million to each EC. In addition, designated communities can compete for as much as $2.5 billion in new tax incentives to induce investment in the targeted distressed areas. These incentives include:

- new tax-exempt facility bonds, available in both EZs and ECs, which provide businesses with up to $3 million to finance construction of new facilities or expansion of existing ones, and to acquire equipment and machinery;

- employer wage credits for companies located in EZs of up to $3,000 per year per employee; these credits offset the salaries and training costs for employees who both work and live in the zone; and

- a $20,000 increase in so-called Section 179 expensing to allow EZ-based companies to take greater depreciation deductions for equipment in the year it is acquired (bringing the allowable annual total up to $37,500).

Applicant jurisdictions were required to specify how they would use these resources to confront economic distress and unemployment. Many applicants identified the problem of brownfields and stated that overcoming associated barriers was a critical element of their local economic revitalization strategy.

HUD Reality Check

HUD programs can be highly versatile tools to stimulate private investments in targeted distressed areas, such as those with a concentration of largely abandoned, obsolete industrial facilities, but prospective reusers should consider the following when contemplating the use of HUD resources for brownfield projects.

- In many jurisdictions, CDBG resources have simply not kept pace with the demand for them. This may make it difficult for new activities, such as brownfield initiatives, to work their way into the local priority setting process as decisions on allocations are made. Furthermore, additional pressures could be exerted by long-time local CDBG recipients, such as local development and community service organizations; many of these have traditionally received block grant funds to assist them with their operations, and they may need to be asssured that new brownfield activities will not unfold at their expense.

- Section 108 may be the most flexible federal resource available to support brownfield site reuse activities, but the program requires the commitment of the city (or the state on behalf of a small city) to make good on the guarantee if the

project does not pan out as envisioned. In practice, this commitment means that future CDBG allocations will be reduced to cover the debt; many local officials, concerned about the political fallout from such a situation, do not pursue the program. The programs' track record suggests that, in fact, a well-conceptualized project based on solid market analysis has every likelihood of paying back the guarantee with absolutely no cost to the city; convincing local officials of this becomes the brownfield challenge.

SMALL BUSINESS ADMINISTRATION (SBA) PROGRAMS

Small business operators often find it difficult to secure the debt and equity capital they need at affordable terms. This is especially true when lenders consider Superfund liability issues. Past court interpretation of liability provisions has made lenders wary, and this fear makes them reluctant to provide the resources that small companies need to clean up properties and modernize buildings and operations. Some lenders have suggested, informally, that concerns over contamination-related risks translate into at least two interest points for such loans. Therefore, some local brownfield reuse advocates have started to explore SBA programs as a possible source of the affordable financial resources needed to bring about brownfield reuse.

The agency's mission is to give small enterprises access to long-term financing, terms of six years or more. Interest rates vary by program; some are significantly subsidized, others carry rates of prime plus one or two (still a bargain, though, in brownfield terms). SBA is authorized by statute to offer several financial assistance programs. In recent years, though, most agency assistance has taken the form of loan guarantees. Last year, nearly 90 percent of all SBA financial assistance was delivered through the following two programs.

General business loan guarantees -- the Section 7(a) program. Section 7a) is SBA's largest program; last year, more that $7 billion in private sector loans were guaranteed. This program was devised to reduce the underwriting risk that often makes financial institutions reluctant to lend to small businesses. SBA works with private lenders to help small businesses gain access to capital they need to finance plant construction, coversion, and expansion as well as acquire equipment, facilities, materials, and supplies. The lender plays the main role in program delivery; the Section 7(a) guarantee is essentially a federal pledge to cover most or the outstanding loana balance in the event of a default. SBA can guarantee up to 90 percent of loans less than $155,000, and 85 percent of loans between that amount and the program cap, now $500,000. Depending on the use of loan proceeds, terms range from seven years at prime plus 2.25 percent (for working capital) to 25 years at prime plus 2.75 percent (for building construction or acquisition).

In December, 1993, SBA launched its *LocDocumentation (LowDoc)* program as a pilot spin-off of the Section 7(a) loan guarantee effort. LowDoc was designed to encourage more lenders to consider handling SBA-backed loans of less than $100,000. It streamlines the application process by using a single-page SBA form, and providing a rapid response from the agency -- usually just a few days. Based on the immediate sucecss of the pilot, SBA elevated LowDoc to full program status in December 1994. Today, loans receive a 90 percent guarantee under Section 7(a) authority. Loans can be extended for terms up of to 25 years, and at rates not more than 2.75 percentage points over prime; lesser terms can bring lower interest rates.

Development company guarantees -- the Section 504 program. Section 504 helps finance small business activities by providing long-term capital for fixed assets; assistance is delivered by SBA-certified local development companies, who issue debentures backed by SBA. This program brings the financial advantages of large businesses to smaller operations. Large businesses finance land acquisition, buildings, facilities, or equipment by issuing long-term bonds or debentures or obtaining bank loans -- obligations that they pay back from earnings. Small firms are often not able to secure such financing arrangements on their own. ruecompanies proceeds provide companies with long-term, fixed asset financing.

SBA licenses locally based certified development companies (CDCs), which are private organizations chartered to channel investment capital to small businesses; they operate the Section 504 program within their service territories. SBA guarantees the timely payment of 100 percent of the debentures they issue. Debentures can support up to 40 percent of a project's total cost, up to a $750,000 maximum SBA share. Debenture maturity can extend for 20 years. All debentures must be collateralized to the extent that SBA decides is reasonable to assure repayment. The guarantee reduces investors' risks, which in turn lowers the debenture's rate of interest and attracts purchasers. A private financial institution must provide 50 percent of the project financing (but the lender then gets to take a first mortgage position); the CDC secures the 10 percent balance of project funds. These might come from the borrower as equity, or from a non-federal economic development program. In practice, SBA-backed subordinated loans improve a company's creditworthiness in two ways. First, they lower the amount of capital that private financiers must invest in a single project. Second, they give the private lender first claim on assets in the event of a default by a borrower; this can be a critical factor in addressing risks commonly associated with brownfield lending. Secondary loans can be especially helpful to project developers that must secure significant levels of capital.

SBA REALITY CHECK

- To date, SBA programs have not directly addressed brownfield scenarios; in fact, some bank officials have complained that SBA program officials are more

conservative and more rigid over contamination and liablity concerns than the private lenders themselves. SBA generally only looks at clean deals. Clearly, prospective borrowers should ***not*** view SBA as a way to avoid the due diligence investigations that private financiers demand. However, SBA programs could be successfully linked with state voluntary cleanup programs, recognizing the liability assurances they provide. In addition, SBA guarantee programs and subordinated lending programs could -- in conjunction with state assurances -- enhance brownfield lending by helping stabilize the value of the site and facilities used as collateral. To date, though, such links have not taken place.

TAX CODE PROVISIONS

A couple of existing federal tax incentives could contribute to infill projects at contaminated properties. As indicated below, private investors and public development officials can use federal tax code provisions as elements in innovative development finance packages.

Industrial Development Bonds (IDBs). When referring to bond financing for economic development purposes, public and private officials and practitioners usually mean "IDBs." In virtually every state, cities, public agencies, development authorities, and similar entities are authorized to issue tax-exempt, private activity industrial development bonds. The Treasury Department defines a state-wide volume cap on bond issuances each year — the greater of $50 per capita or $200 million. Companies and local jurisdictions favor IDBs as a source of financing since the interest they bear is not taxable, which reduces the yield that investors demand, which lowers a project's cost of capital.

Since IDBs are targeted to manufacturing projects, they can play an important part in certain types of brownfield reuse projects or a business retention strategy aimed at existing city areas. The issuing authority process allows jurisdictions to channel investment capital, if they so choose, to certain locations and for specific types of projects. IDBs support the economic development process by allowing jurisdictions to offer expanding and new companies affordable financing that might not be otherwise available. IDB proceeds help private companies acquire buildings, equipment, and other components needed for an industrial project. In legal parlance, they are "revenue bonds." In other words, the company is responsible for repaying the debt. These bonds are payable from and secured by the revenues of the projects they finance; if the company defaults, the bondholders, and not the local taxpayers, absorb the loss.

The popularity of IDBs stems from their versatility as a development finance tool. Issuing agencies or authorities have numerous options for structuring an IDB; they can be issued for long or short terms, and can carry a fixed interest rate or a floating one — typically one quarter to one third less than the prime borrowing rate. From a local development perspective, IDBs have the advantage of giving small and inexperienced business borrowers access to securities markets.

Some jurisdictions use pooled or umbrella issuances to offer IDB financing for smaller projects. Such bonds are issued by states on behalf of a number of companies that individually would be too small to participate in the regular bond program. Generally, eligible projects are bundled as a package and issued as part of a single bond offering (typically in the $8 million to $10 million range). Pooling reduces the risk for bond purchasers and enables small manufacturers to raise needed funds. Currently, umbrella bond programs are available in about half the states.

Rehabilitation Tax Credits. Congress devised rehabilitation tax credits in the 1970s to discourage the unnecessary demolition of sound older buildings and to slow the loss or relocation of businesses from older urban areas. Across the country, the credits have helped attract redevelopment capital into all types of projects in blighted and ignored areas not ordinarily considered for investment.

This incentive offers to investors a credit against their total income, which is taken for the year in which the renovated building is put into service. Rehabilitation of certified historic structures qualifies for a credit equal to 20 percent of the costs of the work; rehabilitation work on nonhistoric structures built before 1936 qualifies for 10 percent.

Much of the practical value of rehabilitation tax credits was undermined by the 1986 Tax Reform Act, which included new limits on passive losses and passive credits that generally result from real estate activity. These restrictions reduced the benefits of investment and the pool of investors able to take advantage of the tax credit benefits. The 1986 tax act defined "passive" income to include most real estate income, and specified that losses and credits from one type of activity generally can be applied against income only from the same type of activity. Thus, most taxpayers are prohibited from using real estate-generated losses and tax credits — a passive-income activity — to offset taxes owed on interest, dividends, business income, and other active income.

The rehab tax credit is well-suited for packaging with other economic development grant and loan programs; it can be an ideal complement to a brownfield redevelopment initiative in an older industrial area. According to data compiled by the National Park Service (which monitors rehab tax credit claims), about half of all projects claiming rehab incentives also tied other public-development programs into their

financing packages. Property tax abatements and low-interest loans are the most commonly used companion incentives.

In short, Congress originally intended for rehab credits to help level the economic playing field and balance the development costs between older established (and often declining) areas and emerging, newly built suburban centers. This goal, of course, is the same one advanced by proponents of brownfields cleanup and reuse.

TAX INCENTIVES REALITY CHECK

- IDBs can be very versatile, but the costs of issuance rarely dip below $100,000, no matter how small the project. In practice, IDBs are simply not feasible for projects needing less than $1 million in investment capital.

- The Treasury Department absolutely insists that IDB projects be manufacturing in nature, which limits their applicability in many circumstances.

- Rehabilitation tax credits have the most impact when knowledgeable local development staff help package and market them with other programs, as well as offer technical support. Developers and site owners often find the certification process complicated and time consuming, and are uncomfortable with the potential financial impact of a denial of tax-credit certification. Capable local development officials can help the site owner prepare a complete application that minimizes processing delays.

The Challenge: Linking Financial Resources to Brownfield Needs

In spite of numerous barriers, brownfield reuse opportunities are real. Dozens of diverse projects have been documented, ranging from an old Uniroyal tire factory in Sacramento that was cleaned and converted into an office/retail complex, to a Soo Line railyard in Minneapolis that is being redeveloped as a light industry park, to an abandoned multi-user industrial tract in Worcester, Massachusetts transformed into a large medical center. Many such projects have creatively tapped existing federal program resources, and have been carried out in a way that makes economic sense, and that builds on the competitive advantage that specific sites boast. Such success stories suggest that liabilities can be worked out, that financing can be secured, and that cleanup can be accomplished -- in short, that brownfield redevelopment can be achieved.

The challenge that the federal governments faces now is to provide the tools that make the economics of brownfields work. At the same time, it is important to emphasize that incentives can make a site economically viable, but that the public sector alone can

not carry the brownfield reuse load. Redevelopment on a wider scale can only be achieved if public policies and programs foster a climate that invites private investment in these projects.

THE CHIRON LIFE SCIENCES CENTER PROJECT: A "BROWNFIELDS" SUCCESS STORY

Jay E. Grover
Director, Environmental Health & Safety
Chiron Corporation
Emeryville, California

Contamination of soil and groundwater from releases of hazardous substances has hindered the redevelopment of industrial properties across the United States. Such properties, now commonly referred to as "brownfields," usually require too much time and money to remediate to make redevelopment attractive or feasible. This problem has recently received the attention of elected officials, community groups, private industry, and regulatory agencies. Initiatives to overcome these obstacles involve streamlining the regulatory approval process and promoting the development of risk-based cleanups based on planned land uses.

The Chiron Life Sciences Project in the San Francisco Bay Area is an example of a successful "brownfields" project. Focused, risk-based cleanup objectives have made remediation and redevelopment feasible. Chiron, a leading biotechnology company headquartered in Emeryville, California, faced an urgent need to expand its R&D and administrative facilities, and desired to remain in its existing urban setting rather than relocate to a new suburban location. The challenge for Chiron was to begin building its new 2.2 million sq. ft. state-of-the-art research and administrative campus quickly and cost-effectively, to secure the necessary regulatory approvals and obtain lender financing, and to remediate the soil and groundwater contamination resulting from 75 years of past industrial uses on 25 acres of urban industrial property. Without the cooperative development and regulatory approval of a risk assessment and remedial program that could be implemented in an expedient and cost-effective manner, this site would not have been selected for the project. Chiron would have relocated, and the site would likely have remained in its blighted and underutilized state.

The remedial program developed for the Chiron Life Sciences Project is innovative in several respects:

- Phased investigation and remedial design were based on a strategic approach from the start to integrate environmental and human health protection into project planning.
- Site characterization work was limited to gather only data needed for development of a risk assessment with pre-defined data density and data quality objectives.
- Comprehensive health and environmental risk assessment included several features to target efforts and expenditures and to provide flexibility for "hot spots" encountered during construction.
- Planning, design and construction of new structures take into account contamination and incorporate remediation needs.
- Practical risk-based soil remediation goals were pre-determined for a broad range of chemicals potentially encountered during construction, including chlorinated hydrocarbons, heavy metals and PCBs.
- Management of construction-derived soil is facilitated with biddable construction documents.
- Risk management plans are being utilized to address long-term liabilities and contingencies associated with contaminated soils remaining on-site.

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Lessons from the Field

UNLOCKING ECONOMIC POTENTIAL
WITH AN ENVIRONMENTAL KEY

by Edith Pepper

The following summary has been prepared for use of participants at the Brownfields '97 conference.

* * *

For additional information about any of the case studies referenced, please contact Charles Bartsch or Elizabeth Collaton at the NE-MW Institute.

For information on purchasing a copy of ***Lessons from the Field***, the complete case studies and analysis, please contact Tim Kay at the NE-MW Institute.

Property Transactions Among Case Studies

The 20 case studies examined in this book represent three main types of property transactions: purchaser driven, public-sector driven, and private-sector driven. For most of the projects, local government played a critical role.

Purchaser Driven: Redevelopment by Purchaser with Strong State and Local Assistance

(city-coordinated transfer of privately-owned land)

- Medical City, Worcester, Massachusetts
- Southwest Harbor Project, Seattle, Washington
- Carol Cable, Warren, Rhode Island
- Acetex, Detroit, Michigan
- Northeast Retail Project, Minneapolis, Minnesota
- American Axle & Manufacturing (the project's parkway segment), Buffalo, New York

(city-coordinated transfer of city-owned land)

- Louisville Dryer Company, Louisville, Kentucky
- Scott Peterson Meats, Chicago, Illinois
- Madison Equipment, Chicago, Illinois
- Holden-Leonard Mill, Bennington, Vermont

Public-Sector Driven: Redevelopment by Local or State Government on Privately-Owned Brownfields

- Lawrence Gateway Project, Lawrence, Massachusetts
- Circle F Factory, Trenton, New Jersey

Private-Sector Driven: Redevelopment by Private Entity on Privately-Owned Brownfield

(city played key role)

Southern Pacific Rail Yard, Sacramento, California

(city played minor role)

- Harlan & Hollingsworth Shipyard/Roundhouse, Wilmington, Delaware
- Ernst Steel Site, Cheektowaga, New York
- Ross's Landing and Aquarium, Chattanooga, Tennessee
- American Axle & Manufacturing (the project's paint facility segment), Buffalo, New York

End Uses for Case Study Sites

Sites	Names of Sites	Starting Use of Property	End Use of Property
8	Acetex, Detroit, Michigan Madison Equipment, Chicago, IL Louisville Dryer Co., Louisville, KY Scott Peterson Meats, Chicago, IL Harlan & Hollingsworth Shipyard, Wilmington, DE American Axle & Mfg., Buffalo, NY Southwest Harbor, Seattle, WA Carol Cable, Warren, RI	Industrial	Industrial (Note: three of these projects — Madison Equipment, Louisville Dryer Co., and Acetex — were expansions made by neighboring businesses.)
4	Oregon Mill Sites, 7 Oregon Counties Texaco Tank Farm, St. Paul, MN Bryant Electric, Bridgeport, CT Holden-Leonard Mill, Bennington, VT	Industrial	Light Industry, Offices, Business Park
3	Ernst Steel, Cheektowaga, NY Northeast Retail Center, Minneapolis, MN Ross's Landing and Aquarium, Chattanooga, TN	Industrial	Commercial, Shopping Center
2	Lawrence Gateway Project, Lawrence, MA BASF South Works, Wyandotte, MI	Industrial	Recreational, Transportation
1	Circle F Project, Trenton, NJ	Industrial	Half Residential, Half Industrial
1	Federal Courthouse / Southern Pacific Railyard, Sacramento, CA	Industrial	Mixed Use: Commercial, Residential, Industrial
1	Medical City, Worcester, MA	Industrial	Hospital
Total 20			

Midwest

BASF South Works, Wyandotte, Michigan

This project involved transforming a defunct, 84-acre chemical manufacturing plant along the Detroit River into a public recreation area and a nine-hole golf course. Through a combination of pubic and private funding (the city utilized tax increment financing, state grants, and bonds), the city was able to revitalize the waterfront and the once-blighted neighborhood around BASF's plant. This redevelopment has precipitated a domino effect of economic

growth throughout downtown Wyandotte. BASF's project highlights the importance of a strong public/private partnership, as well as illustrates how a large company can use brownfield cleanup to bolster its corporate image.

Acetex Corporation, Detroit, Michigan

In the early 1990s, Acetex Corporation, a Detroit-based textile manufacturing enterprise, sought to expand its operations by acquiring an adjacent property, H&H Wheel Service, Inc. Acetex planned to build a new $5-million distribution facility on the two-acre site, creating over 100 new jobs in the process. But H&H Wheel was reluctant to sell its property unless the firm could be cleared of all liability (environmental conditions at the site were not yet known) and absolved of any costs associated with cleanup. The deal was finalized after a year of negotiating, during which the Detroit REUS Team, an inter-agency brownfield task force, played a pivotal role. In 1995, EPA awarded the City of Detroit a $200,000 Brownfields Pilot Site grant in support of the REUS Team's ongoing activities.

Scott Peterson Meats, Chicago, Illinois

In 1993, Scott Peterson Meats approached the City of Chicago with a proposition. The company was interested in acquiring an adjacent, abandoned property on which it would provide secure parking for its employees. If the city could arrange the deal, Scott Peterson Meats promised to expand its existing operations and hire new employees, thus providing a stable business presence in an increasingly blighted neighborhood. By May 1995, only 13 months after the project began, the city had remediated the site and prepared to turn it over to Scott Peterson Meats. This project illustrates how carefully targeted public spending can leverage significant private investment. The city spent only $370,000 to clean and grade this site; Scott Peterson Meats, in turn, invested $5.2 million in a new smokehouse and hired 100 new local employees. This case study also points to the effectiveness of Chicago's Brownfields Program, an innovative policy-development initiative.

Madison Equipment, Chicago, Illinois

Madison Equipment, a 70-employee firm in Chicago's East Garfield Park neighborhood, sought to acquire an abandoned building in the early 1990s to accommodate its business expansion needs. The city agreed to complete a site investigation (which revealed significantly less contamination than officials had feared)

and to transfer the property to Madison for $1 dollar. In return, Madison pledged to rehabilitate the building and hire at least 6-8 workers from the federal Empowerment Zone in which it's located. Expending only $3,000 in public funds, the city was able to eliminate a community eyesore, assist a strong neighborhood business in its expansion efforts, and create new jobs.

Crosby Lake Business Park (Texaco Tank Farm), St. Paul, Minnesota

The St. Paul Port Authority had long sought to redevelop Texaco's 40-acre tank farm, located in a commercial/industrial corridor in southwest St. Paul. After scaling back its presence in the region, Texaco removed several above-ground tanks in the 1980s. In spring 1993, the port authority, Texaco, and the Minnesota Pollution Control Agency formally began to discuss the site's future use. During negotiations, Texaco agreed to remediate the site and then sell it to the port uthority for roughly fair market value. The port would grade the site and provide infrastructure improvements, creating a new business park in the process. The port authority spent $6.2 million to purchase and improve the site, costs that are slated to be recovered within ten years. Officials estimate that the new complex will create 350 jobs and generate $640,000 in new annual property taxes. Ten of the 40 acres were deeded to the St. Paul Parks and Recreational Department as part of the Mississippi River Open Space Area. Participants emphasize that the success of this project hinged on a strong public/private partnership.

Northeast Retail Project (Johnson Street Quarry), Minneapolis, Minnesota

By the 1990s, the once-active Johnson Street Quarry had become a blighted, under-utilized property that contributed to the economic decline of northeast Minneapolis. In 1993, the Ryan Company, a local developer, approached the city with a plan. If the Minneapolis Community Development Agency (MCDA) acquired various quarry parcels and conducted necessary reme-diation, Ryan would purchase the site for twice its market value (which, even then, would be significantly less than the public costs to prepare the site) and build a 420,000-square foot discount shopping mall. As of late 1996, all properties had been acquired and remediation had begun. Project costs are expected to total nearly $60 million, divided between public and private sources. Despite high expenditures, the MCDA views the deal as public funds well spent. Benefits include

extensive environmental cleanup, blight elimination, creation of 1,700 full- and part-time jobs, tax-base enhancements (both property and sales), and stabilization of a neighborhood that had been declining. The city will recoup its costs within 15 years through property taxes and revenues generated from the tax increment finance district. This project involved extensive community involvement, as well as strong public/private cooperation.

Northeast

Holden-Leonard Mill, Bennington, Vermont

In 1986, backed by state and federal loans, the Southern Vermont Development Council bought the defunct Holden-Leonard Mill and planned a series of renovations. Three years later, however, the project stalled when U.S. EPA alleged the presence of hazardous contamination on site. Since 1989, the mill has remained in limbo while EPA has debated listing the site on the National Priorities List (NPL), a register of the country's most serious hazardous waste sites. Mase Securities International (MSI), currently a tenant in the Holden-Leonard Mill, is eager to purchase the site but will not proceed until all environmental and liability issues have been resolved. In April, 1996, EPA Region 1 issued a "comfort letter" to the mill's new owner, the Vermont Economic Development Authority, indicating that no further steps would be taken to list the site on the NPL, thus removing a crucial barrier to the site's redevelopment. At the same time, MSI has been able to benefit from Vermont's new voluntary cleanup law, which provides liability relief for third parties upon completion of an approved cleanup plan. To date, MSI has created over 200 new jobs in Bennington and has made significant renovations to the historic building.

Fallon/St. Vincent Medical City, Worcester, Massachusetts

In 1992, two of the largest health care providers in Worcester merged with the hope of building a $200-million integrated health facility in an urban setting. Eager to attract the hospital, city officials immediately created an institution to oversee the endeavor — the Worcester Redevelopment Authority — and began targeting properties within a 24-acre blighted area for acquisition. By 1996, all structures had been demolished and the graded property was conveyed to the purchaser for $6.4 million with a Covenant-Not-to-Sue. Total public expenditures on the project were $42 million, split

between the state and the city. City officials expect to see a huge return on their investment. Once operational, the facility will provide nearly 3,000 new jobs and will generate $875 million in total direct economic impacts within the first ten years ($1.9 billion in indirect economic impacts). This case study illustrates how strong public/private cooperation can save time and produce immense cost-savings. It also demonstrates the importance of establishing an effective institutional framework — in this case, the Worcester Redevelopment Authority — to oversee brownfield redevelopment activities.

Lawrence Gateway Project (Oxford Paper Site), Lawrence, Massachusetts

Like many industrial cities across the country, Lawrence, Massachusetts, has in recent years witnessed a steady decline in manufacturing. Many residents believe that the key to future growth lies in either revitalizing the city's once-thriving mills or at least reusing the valuable waterfront property on which they stand. One of Lawrence's most prominent brownfields is the mammoth Oxford Paper plant, located at the entrance or "gateway" to the city's historical district. In 1994, officials launched an initiative to redevelop the Oxford site that involved "piggy-backing" the project onto a nearby highway project, thus enabling the city to draw on Massachusetts Highway Department funds. Plans call for demolition of existing Oxford buildings, construction of road interchanges, and creation of a public park. This project has been successful on many fronts. Officials were able to streamline permitting and oversight activities by creating two interagency task forces. The project was propelled forward by a strong public/private partnership between the city and GenCorp, Oxford's neighbor. In addition, city officials made public participation a priority from the outset. In its first two years, the Lawrence Gateway Project has leveraged over $160 million in public and private investment for Lawrence's historic district.

Carol Cable Site, Warren, Rhode Island

This project involved redevelopment of a 240,000-square-foot cable manufacturing factory in a small town of population 11,000. The facility closed down in 1990 and was remediated under state supervision, but residual contaminants remained on-site (the company was unable to achieve the state's stringent water quality standards). In fall 1995, Display World, Inc. expressed an interest in purchasing the site, but not until the state resolved all environmen-

tal issues and provided liability releases. State officials made it a priority to meet Display World's needs in a timely fashion. Strong inter-agency coordination helped decrease costs and reduce time-frames associated with the project. Most importantly, Rhode Island's 1995 brownfield law made the transaction possible by providing the purchaser with necessary liability sign-off. Also critical was the recent adoption of state cleanup standards that allow for the use of institutional/engineering controls to satisfy remedial requirements. Display World purchased the property for $175,000 and then proceeded to invest $500,000 in the facility. The company brought 75 existing jobs to the area and plans to create 50 new ones.

Bryant Electric Plant, Bridgeport, Connecticut

Westinghouse's Bryant Electric plant shut down in 1988 after operating for 90 years in Bridgeport's West End. The closing of the 500,000-square-foot facility exacerbated the neighborhood's already bleak economic situation. In the early 1990s, the city began working with Westinghouse and area businesses to discuss plans for revitalizing the entire West End, using redevelopment at the Bryant Electric site as a catalyst. A plan emerged whereby the city agreed to acquire seven acres of property around Bryant Electric, essentially forming a large business park. An important step in this process was the 1994 formation of the West End Community Development Corporation (CDC), a non-profit development group. In just two years, the CDC has succeeded in organizing many different voices within the West End, developing a strong vision for growth, and providing the institutional framework necessary to implement community goals. Westinghouse has spent over $1 million to date on remediation at its site, while the city and the CDC (backed by state funds) have invested over $14 million in Bryant Electric and the West End, as a whole. According to city officials, the targeted developer plans to create 300-400 new jobs and invest $20-$50 million in the West End.

Circle F Factory, Trenton, New Jersey

The 1990 closing of the Circle F factory left a gaping hole in Trenton's East Ward. For over 100 years, the facility had been the heart of this neighborhood; now the area was becoming increasingly mired in economic decline. Working with the property owner, the city devised a solution that involved dividing the Circle F factory in half and developing the parcels separately (one would contain light industry; the other would be transformed into seniors' housing). For the residential portion of the project, the city selected Lutheran

Social Ministries (LSM), an experienced non-profit developer. In June 1995, LSM applied for and received federal Low-Income Housing Tax Credits — an innovative financing mechanism that can assist brownfield projects. Additional remediation took place in fall 1995 and construction of 75 new senior housing units began at the end of that year. Residents are slated to move in by winter 1997.

American Axle Plant and Northeast Buffalo Parkway, Buffalo, New York

In February 1994, American Axle & Manufacturing bought a struggling automotive plant in Buffalo, with the hope of investing nearly $100 million at the site. Company officials pledged to retain 1,000 jobs and add 600 more — good news for Northeast Buffalo, which had weathered a major GM-plant closing four years earlier. Without improved truck access to the American Axle site, however, the company could not follow through with its plans to increase operations and bring on new employees. City officials recognized that this was not only a problem for American Axle; poor infrastructure had caused numerous area industries to relocate to the suburbs. Officials decided to transform into a highway an old, rarely used stretch of Conrail tracks traversing Northeast Buffalo (the road would be called the Northeast Buffalo Parkway). American Axle's $100-million investment helped leverage $6.5 million in public funds for the deal. With construction of the highway slated to begin in 1997, benefits to the surrounding neighborhood already can be seen. The defunct GM plant now has been transformed into a light industrial park that could employ 200 people in the near future. Most importantly, however, city officials believe that the presence of these viable industries and improved highway access will trigger a revival of the Northeast Buffalo neighborhood.

Ernst Steel Site, Cheektowaga, New York

Before closing down in 1980, the Ernst Steel site had operated for over 30 years in Cheektowaga, New York, a town located just outside the Buffalo city line. By 1990, the Buffalo suburbs had expanded outward, completely surrounding Ernst Steel, but the site remained idle and undeveloped due to concerns over environmental contamination. In 1994, the Benderson Development Company bought the property out of bankruptcy court with the intention of building a discount shopping center. The company struck a deal with Erie County officials: If the county provided tax breaks on another project Benderson was initiating (construction of a nearby hotel), the

developer would agree to completely remediate the Ernst Steel site, which had become a glaring eyesore in this heavily commercialized area. Benderson also wagered that the project's long-term economic benefits would far outweigh the short-term cleanup costs. To defray remediation expenses, the company successfully employed a new technology, on-site soil-washing. Redevelopment of the Ernst Steel site has resulted in many positive impacts, including elimination of blight, creation of 150 full- and part-time jobs, and tax base enhancement (sales taxes will be $1 million per year; property taxes between $300,000 and $500,000 per year).

The Roundhouse Property
(Harlan & Hollingsworth Shipyard), Wilmington, Delaware

The roundhouse is an old railroad turnstile located in Wilmington's former Harlan & Hollingsworth Shipyard. Closed in the 1950s, various shipyard buildings have been dispersed over the years. Many of the structures now are abandoned or under-utilized, and environmental contamination is widespread. The 1.6-acre roundhouse property is no exception. When the current owner decided to sell the property, the interested buyer stipulated that environmental issues needed to be resolved up front. Both parties decided to enter Delaware's voluntary cleanup program in order to conduct remediation, obtain liability sign-off, and apply for state financial assistance. The Delaware Department of Natural Resources and Environmental Control pursued an innovative funding source for the project: federal Superfund dollars funneled through the state. The buyer plans to construct a public storage facility which will create new jobs and provide a stable business presence in the neighborhood. This case study illustrates how brownfield activities can dovetail successfully with a city's broader redevelopment visions.

West

Oregon Mill Site Conversion Project,
Seven rural areas in Oregon

During the 1980s and 1990s, over 120 timber mills shut down in the Pacific Northwest, displacing 55,000 workers and devastating many timber-dependent communities. For years these mill sites sat idle and undeveloped while chemical hazards posed environmental and public health concerns. In 1994, a group of public agencies and

private-sector groups joined forces in an effort to redevelop seven rural mill sites. The initiative, known as the Oregon Mill Site Conversion Project, received financial backing from both U.S. EPA, under its Brownfields Pilot Site Program, and the Economic Development Administration. During its first two years, the project has focused on organizing community participation and assessing the environmental conditions at each site. Thus far, two sites already have changed hands and should be cleaned up and redeveloped by fall 1997.

Southwest Harbor Project, Seattle, Washington

In 1993, an Oakland-based steamship company, American President Lines, Ltd. (APL), asked the Port of Seattle to compete with other west coast ports to develop a combined marine cargo and intermodal terminal yard that would be large enough to handle APL's increasing Pacific Rim trade. To meet APL's needs, the terminal had to be fully operational by 1997 — only four years away. Seattle port officials were anxious to keep APL's existing 1,500 jobs and to secure 1,500 additional jobs through the terminal expansion. The project also would provide a catalyst for the remediation of other properties in the Duwamish corridor, a heavily industrialized area with known contamination problems. The port identified 145 acres around APL's existing terminal and initiated negotiations with current property owners (hurdles included assessing environmental conditions, determining necessary remediation, and accurately gauging property values). The project involved unprecedented coordination between local, state, and federal agencies. It also required extensive public participation. As of summer 1996, all buildings had been demolished and most remediation was complete on APL's new terminal property.

Federal Courthouse (Southern Pacific Rail Yard), Sacramento, California

The 2.6-acre federal courthouse project is located on Southern Pacific's 244-acre railyard facility in Sacramento. The $142 million, 380,000-square-foot courthouse facility, which will contain offices, parking, and many other services, is slated to produce more than 1,000 construction jobs and 200 permanent jobs. It is the single largest construction project in the City of Sacramento's history. A major challenge associated with this project was the presence of deed restrictions, which required direct state oversight of all excavation activities — a daunting mandate given the limited resources of the

state environmental agency. Through extensive public/private cooperation, an innovative third-party oversight entity was established, known as the Environmental Oversight Authority. Creation of this institutional entity allowed redevelopment to proceed where it otherwise might have been deemed logistically and economically impossible. In July 1995, EPA awarded the city a $200,000 Brownfields Pilot Site grant to support the Environmental Oversight Authority and other aspects of the railyard redevelopment.

South

Ross's Landing and the Tennessee Aquarium, Chattanooga, Tennessee

Chattanooga, once considered a leading industrial powerhouse, paid a high price for its economic prosperity. By the late 1960s, it was named one of the most polluted cities in America. In the decades since, however, Chattanooga has made a swift comeback. A key step in this process has been the cleanup and reuse of former industrial properties. In the 1980s, a public/private non-profit development company — RiverValley Partners — was formed to manage the city's redevelopment plans. The company initially focused its efforts on a stretch of old industrial property along the Tennessee River and raised nearly $17 million in private funds to support acquisition, environmental assessments, and construction of a new aquarium and public plaza. According to company officials, the Tennessee Aquarium has been a catalyst for more than $150 million in public and private investment throughout Chattanooga.

Louisville Dryer Company (Ni-Chro Plating, Inc.), Louisville, Kentucky

The Ni-Chro Plating facility in Louisville's West End had been abandoned for several years when state officials discovered that the site presented an immediate threat to public and environmental health. The U.S. EPA conducted an emergency removal of contaminants and, because the prior owner was bankrupt, placed a lien on the property for $168,000. Seven years later, in 1994, the Louisville Dryer Company expressed an interest in purchasing the Ni-Chro Plating property in order to accommodate its business expansion — a move that would create new jobs and add to the local tax base, both of which the city was eager to support. In 1995, when U.S. EPA awarded Louisville a $200,000 Brownfields Pilot grant, the city

decided to dedicate this money to the Ni-Chro Plating project, which essentially would serve as a "demonstration site" for implementation of city-wide brownfield policies. As of late 1996, the city and the Louisville Dryer Company were negotiating a final sale price for the property. This project is poised to become a brownfield success story — neighborhood blight is being eliminated at the same time that 40-50 new jobs are being created.

(6K) Forging the Partnership: How HUD Can Help
Friday, September 5, 1997
10:30 a.m. - 12:30 p.m.

Description: Learn how HUD's programs can be powerful tools in revitalizing brownfields. Explore options for using HUD's $4.6 billion Community Development Block Grants and HUD's $1.3 billion Section 108 loan guarantee program. Learn how HUD's Economic Development Initiative, Lead Hazard Control Grants, and EZ/EC Incentives can be used to carry out a broad range of brownfields-related activities, such as property acquisition, cleanup, site preparation, real estate development, business loans, and job training. Hear from HUD and local officials about cutting-edge local efforts that are using these resources to address brownfields. See HUD's exciting new geographic information system - "Community 2000" - and learn how it can support your brownfields revitalization efforts.

Location: Room 1203C

Speakers and Affiliation:

Mr. Robert W. Hickmott (Moderator)	U.S. Department of Housing and Urban Development, Office of the Secretary
Mr. Richard Burk	U.S. Department of Housing and Urban Development, Office of Community Viability
Mr. Don Green	U.S. Department of Housing and Urban Development, Office of Community Planning and Development
Mr. Gary Ultican	U.S. Department of Housing and Urban Development, Kansas City Regional Office

MR. ROBERT W. HICKMOTT

Robert W. Hickmott serves as counselor to Housing and Urban Development (HUD) Secretary Andrew Cuomo. He is a senior member of HUD's management and policy-development team and serves as a senior advisor to the Secretary on intergovernmental relations and external constituencies.

Prior to joining HUD in March 1997, he was the associate administrator for congressional and legislative activities, he served as the principal advisor to Administrator Carol M. Browner on all congressional and legislative issues, and helped develop and implement the Administration's environmental agenda.

Before joining the Clinton Administration in January 1993, Mr. Hickmott was deputy executive director for the Democratic Senatorial Campaign. From 1989 to 1991 he was an associate with the law firm of Skadden, Arps, Slate, Meagher and Flom. From 1987 to 1989, Mr. Hickmott was chief of staff for Senator Timothy E. Wirth for Senate Campaign. He has also held positions as political affairs director for Congoleum Corporation from 1983 to 1984; executive director, National Business Council, Democratic National Committee, 1980 to 1983; public affairs counsel, E.I. duPont Company, Wilmington, Delaware, 1978 to 1981 and director of alumni/admissions programs, Boston University Alumni Affairs Office, 1976 to 1978.

Mr. Hickmott graduated summa cum laude from Boston University School of Public Communications with a Bachelor of Science in public communications in 1976.

He received his Juris Doctorate from Georgetown University Law Center in 1988. Mr. Hickmott is a native of Wilmington, Delaware.

MR. RICHARD BURK

[Biography was not available at time of printing. Please refer to conference addendum.]

MR. DON GREEN

[Biography was not available at time of printing. Please refer to conference addendum.]

MR. GARY ULTICAN

[Biography was not available at time of printing. Please refer to conference addendum.]