

Brownfields – Reclaimed Treasures

Just the word “brownfields” conjures up a negative reaction to a commercial property in terms of appearance and liability. However, as the demand for real estate investments remains strong, developers and realtors are taking another look at these “blighted” properties. Brownfields usually have the transportation and utilities infrastructure that raw land lacks. Locations on waterfronts that can provide views can lure the residential developer to these sites.

The basic definition in Public Law 107-118 (H.R.2869) of a brownfield site (with certain legal exclusions and additions) means real property, the expansion, redevelopment or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant or contaminant. Some states have expanded this definition. For example, Indiana, Ohio and Tennessee include parcels of real estate that are abandoned, inactive, or underutilized.

EPA Brownfield Funding 2003-2006				
Year	Total Grant Amount (in millions)	Type of Grant	Number of Grants	Amount of Specific Grant (in millions)
2006	\$71.9	Site Assessment & Cleanup Planning	184	\$36.6
		Cleanup	96	\$18.3
		Revolving Loan Fund	12	\$15.0
		Job Training		\$2.0
2005	\$75.9	Site Assessment & Cleanup Planning	172	\$33.6
		Cleanup	106	\$19.3
		Revolving Loan Fund	13	\$20.8
		Job Training		\$2.2
2004	\$77.9	Site Assessment & Cleanup Planning	155	\$37.6
		Cleanup	92	\$16.9
		Revolving Loan Fund	18	\$20.9
		Job Training		\$2.47
2003	\$75.1	Site Assessment & Cleanup Planning	117	\$30.7
		Cleanup	69	\$12.0
		Revolving Loan Fund	28	\$30.4
		Job Training		\$2.0

The treasure in brownfields is an estimated \$2 trillion of real estate product that investors could purchase if they are rehabilitated, according to the Chicago-based National Brownfield Association. Federal, state, and local governments have a vested interest in improving and protecting the environment. In addition, economic incentives of job creation, increased tax revenue, and increased value of surrounding properties can result from brownfield redevelopment.

Above is a chart of the federal funding in EPA brownfields grants during the last four years. As shown, the number of grants and portion of grants dedicated to assessment and cleanup planning has steadily increased. The EPA has awarded 883 assessment grants of \$225.4 million, 202 revolving loan fund grants of \$186.7 million, and 238 cleanup grants of \$42.7 million since the start of the Brownfields program in 1995. Through various federal, state, and local funding it is estimated that 50,000 properties have been rehabilitated during the last 10 years.

In addition to Federal programs, there are a variety of state and local programs that address the brownfields issue. The State of Kentucky estimates it has 8,000 brownfields sites but does not know their exact locations. It has initiated a registration program to identify these sites in order to market them to those with a specific interest in brownfield development. Tennessee has a fund specific to dry-cleaning sites. Illinois offers \$10 million in low interest loans to local governments and private parties through its Brownfields Redevelopment Loan Program to finance assessment, remediation and demolition costs. Indiana has tax abatements available in locally designated “brownfield zones”.

Below are sites in several states that have Voluntary Cleanup Programs (VCP) through February 2005.

Partial List of Number of Sites Currently in VCP*							
State	Number of Sites	State	Number of Sites	State	Number of Sites	State	Number of Sites
AL	198	HI	17	MO	166	OR	950
AR	34	ID	3	MS	206	PA	650
AZ	79	IA	29	MT	35	RI	550
CA	300	IL	840	MO	166	SD	6
CO	425	KS	311	NE	14	TN	103
CT	191	KY	1	NC	112	TX	1582
DC	4	MD	134	NH	24	UT	37
DE	85	ME	40	NM	31	WA	2200
FL	578	MI	216	OH	202	WY	45
GA	16	MN	589	OK	115	WV	113

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