



# **BROWNFIELDS UNDER TRUMP:**

## **What the New Administration Means for the Future of Site Cleanup and Redevelopment**

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*Minnesota Brownfields "Pizza & Politics" – July 24, 2017*



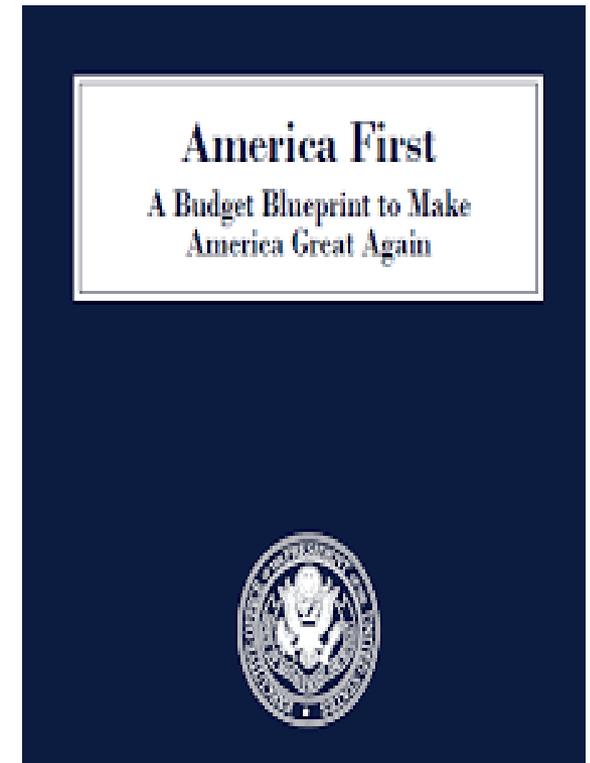
# *The Trump Brownfield Redevelopment Climate:*

What could impact contaminated property/sustainable re-development transactions? What concerns practitioners now?

- *Regulatory uncertainty*
  - *Rule roll-backs, anticipated legal challenges*
- *Availability of federal redevelopment investment funding and incentives*
  - *Trump proposals v. Congressional reality*
  - *What sure things still exist?*
- *Potential Congressional brownfield action*
- *What environmental steps is the private sector taking?*

# *FY 2018 Trump Budget Proposals – Programs that have Supported Brownfield Redevelopment*

- **HUD/CDBG -- \$0**
  - *FY17 -- \$3 billion*
- **DOC/EDA -- \$0**
  - *FY17 -- \$221 million*
- **DOC/MEP -- \$0**
  - *FY17 -- \$124 million*
- **Appalachian Regional Commission -- \$0**
  - *FY17 -- \$120 million*
- **DOT/TIGER grants -- \$0**
  - *FY17 -- \$499 million*
- **DOE/EERE/national labs – limited early stage support only**
  - *FY17 -- \$2 billion*



# *FY 2018 Trump Funding Proposals for EPA*



## *Initial EPA proposal to OMB*

- 25% cut, from \$8.2 billion to \$6.1 billion

## *Pass back from OMB, per Trump FY18 proposal*

- 31% cut (\$2.5 billion), from \$8.2 billion to \$5.7 billion
- Staffing reduced by 3,200 FTEs, to approximately 12,000
  - *For Brownfields – 1/3 of HQ, nearly all regional staff*
- Focus on “core legal requirements”
- Reduce/eliminate regulations
- Devolve regional/non-core functions to states
  - *Would de facto shift much brownfield support, oversight to states/localities*

# *FY 2018 Trump Funding Proposals for EPA*

*Specifics that we have so far –*

- **Cuts**

- *Brownfields project grants by \$5 million (to \$75 million)*
- *Brownfields state/tribal support, by \$13.9 million (to \$33.8 million)*
- *Superfund by \$330 million (to \$462 million)*
- *Office of Research and Development by 42%*
- *Categorical grants to states by \$482 million (to \$597 million)*

- **Eliminates**

- *Region-specific programs (Great Lakes, Chesapeake)*
- *Funding for climate programs (\$100 million)*
- *More than 50 other programs (including EJ)*

- **Internal agency actions**

- *Offering early retirements/buyouts*





V.



## *FY 2018 appropriations and budget process –*

- **Building blocks for brownfield redevelopment/ financing partnerships?**
- **Or a potential train wreck this year?**



## *Congressional action underway*

- **House Committee mark-up good for brownfields – *BUT*.....**



# *Appropriations – What we know so far....House subcommittee report out*

## *Brownfields program total*

- *FY 17 enacted – \$153.3 million*
- *FY 18 House – \$163.2 million*
- *Trump request – \$118.5 million*

## **Project grants (assessment/cleanup/RLF)**

- FY 17 enacted – \$80 million
- FY 18 House – \$90 million
- Trump request – \$69 million

## **Grants to states**

- FY 17 enacted – \$47.7 million
- FY 18 House – \$47.7 million
- Trump request – \$33.4 million

## **Management/t.a./staffing/other**

- FY 17 enacted – \$25.6 million
- FY 18 House – \$25.5 million
- Trump request – \$16.1 million

# *What EPA/Trump Administration CAN Do – Without Congressional Concurrence*

- **Leave political positions unfilled**
  - *Reserve decision-making to Administrator's office*
- **Change enforcement priorities**
  - *Enforcement discretion is reserved to the Executive branch*
- **Modify guidance documents, NOFAs**
  - *Shift/eliminate current priorities (i.e., brownfields Area-Wide Planning, sustainable communities, renewable energy)*
- **Internal administrative actions**
  - *Reassign/re-align staff within offices (brownfields/climate/enforcement)*
  - *Offer early retirements/buyouts*
  - *Close/consolidate regional offices*

# ***Making the brownfield/redevelopment fit NOW – What public tools can we count on for leverage?***

***Federal tools in place for sure...tax incentives***

## **Historic Rehabilitation Tax Credits**

- *Permanently authorized; no cap or aggregate limit*

## **New Markets Tax Credits**

- *\$7.5 billion allocated Nov. 2016*
- *\$3.5 billion authorized annually thru 2019*

## **Low-income Housing Tax Credits**

- *Permanently authorized; \$3.5 billion/year*



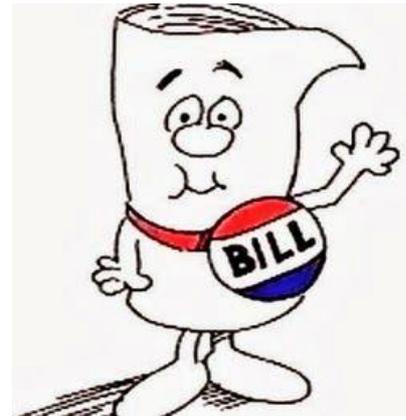
# *Congressional interest/action in brownfields:*

*House E&C Environment Subcommittee,  
Hearing on April 4, bill introduced June 22*

*2017 so far*

- **HR 3017– Brownfield Enhancement, Economic Redevelopment, and Reauthorization Act**

- Petroleum brownfield enhancement – orphan sites
- Clarifies leaseholder interests
- Expands non-profit eligibility
- Increases cleanup grants (to \$500,000)
- Allows \$1 million multi-purpose grants
- Small communities t.a -- \$20,000 grants, \$1.5 million total
- Allows grant eligibility for sites acquired by municipalities prior to 1/11/02
- Allows 5% administrative costs
- Authorization levels -- \$200 million; \$50 million for states



*House T&I Comm. hearing, 2 bills introduced on March 28*

- **HR 1758** – Brownfield Reauthorization Act
- **HR 1747** – Brownfield Authorization Increase Act
  - *Both would make similar changes to existing program; HR 1747 increases funding levels for individual grants, overall program*

# *Congressional interest/action in brownfields:*

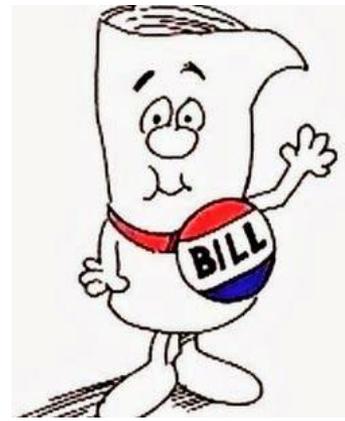
*House infrastructure bill – multi-committee referral, introduced on May 17*

*2017 so far*

- **HR 2479** – Leading Infrastructure for Tomorrow’s America Act
- **Title IV of HR 2479 – Brownfields Redevelopment**
  - Includes provisions of HR 1747

*Senate bipartisan BUILD Act introduced on April 4*

- **S 822** – marked up, reported out of committee on July 12
- **Includes most provisions of House bills, similar funding levels**
  - Petroleum brownfield enhancement – orphan sites
  - Clarifies leaseholder interests
  - Expands non-profit eligibility
  - Increases cleanup grants (to \$500,000)
  - Allows \$950,000 multi-purpose grants
  - Redevelopment certainty for governmental entities – allows grants for sites acquired prior to 1/11/02
  - Small communities t.a -- \$7,500 grants, \$600,000 total
  - Directs EPA to take waterfront project applications “into consideration,” establish a grant program for sites reused for clean energy projects
  - Allows 8% administrative costs
  - Maintains funding authorization at existing levels (\$250 million total)



# ***Brownfield Bill Provisions – A Conceptual Look at Possible Impacts and Viability***

## ***Expanding eligibility***

- Reflects current public-private partnership real estate development trends and opportunities

## ***Codifying Area-wide Planning, other initiatives***

- Brings certainty, eliminates “whim” changes

## ***Targeting – for renewable energy, waterfront, green infrastructure, others***

- Hamstrings EPA’s flexibility, could skew community priorities/grants competition, reduce ability to address emerging situations

## ***Establishing small community t.a. grants***

- Grants so small would be an administrative challenge and tax the capacity of both communities (to apply) and EPA (to administer)

## ***Provide EPA loaned staff to small/disadvantaged communities***

- Impractical, given staffing reductions underway

## ***Increase funding for cleanup grants, other grants***

- Without increased appropriations, could reduce number of annual grants by 30% to 50%

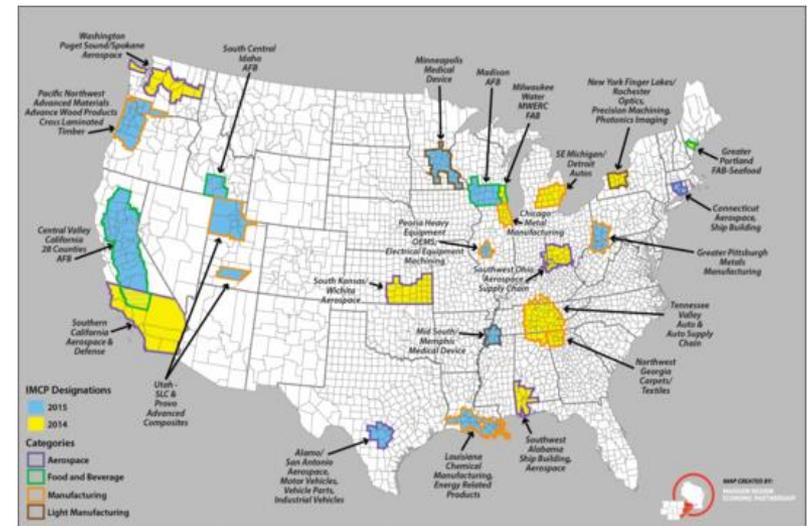
## ***Authorization levels***

- Focus needs to be on what’s appropriated; EPA has never gotten more than ½ of current authorized level

# *Pro-environment private sector actions*

## *Manufacturing and Brownfields – experiences from the 24 IMCP designated community consortia*

- At least 1/2 have targeted brownfields for new manufacturing investment, including:
  - *Portland ME (food processing)*
  - *Pacific Northwest (cross-laminated timber)*
  - *Central Tennessee (auto suppliers);*
  - *Milwaukee (water-focused products)*
  - *Ohio SOAR (aerospace)*



# *Pro-environment private sector actions*

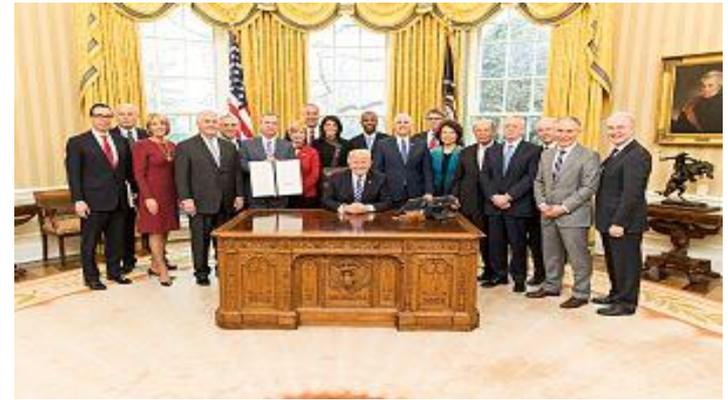
## *Manufacturing and Sustainable Materials Management (SMM) – experiences from the 24 IMCP designated community consortia*

- 1/3 have integrated SMM strategies, including:
  - Puget Sound WA (aerospace)
  - Northwest Georgia (carpet manufacturing)
  - Central Utah (composite materials)
  - Madison WI (food processing)

*Key linkage for brownfield reuse and SMM – introducing new cost-saving, environmentally advantageous technologies to production processes*



# *Why Continue Brownfield Redevelopment Support?*



## ***Rationale for the new regime...***

- Bringing jobs back to communities that have suffered losses – focus on brownfields/legacy sites
- Making brownfields part of infrastructure investments
- Integrating brownfields into manufacturing growth strategies – focus on brownfields/legacy sites

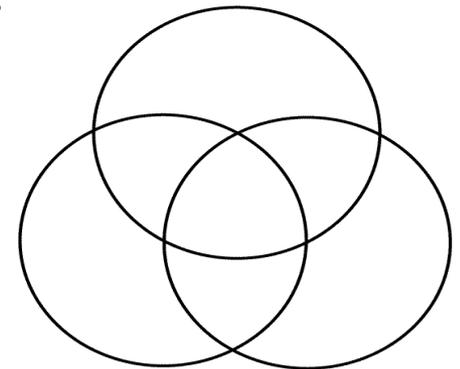


## *So – What’s next in this volatile climate for brownfields?*

*“Fasten your seatbelts...  
it’s going to be a bumpy ride”*

### *Key take-aways TODAY:*

- Public-private partnerships will be key, and this is the time to develop new ones that fit with current trends*
- Think creatively about ways to integrate “brownfields” into new areas – make it the center of your new “Venn diagram” of redevelopment*



# *What All This Means for Minnesota Communities...*



- Less reliance on federal assistance
- Need to recalibrate project financing strategies
- Need creative use of resources
- Thinking unconventionally – using a blend of guarantees and tax incentives in addition to grants
- Need to develop new resources – revamped TIF? Brownfield guarantees? State-local guarantees in tandem with federal grants? Contingency/shortfall pots of \$\$?

# *What All This Means for Minnesota Communities...*



- Advocacy on all levels to support tool/income continuation/creation
- Education/outreach/events to take advantage and channel Congressional/state legislative/local council interests
- Document results and make the case! Brownfields offer an excellent ROI on public investment, in communities of all size, for projects of all type
- This is still news to many public officials



*For additional examples and information....*

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