BROWNFIELDS REDEVELOPMENT TOOLBOX FOR DISADVANTAGED COMMUNITIES

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PREFACE

The Northeast Midwest Institute is a Washington-based, private, non-profit, and non-partisan research organization dedicated to economic vitality, environmental quality, and regional equity for Northeast and Midwest states. Formed in the mid-1970s, the Institute fulfills its mission by conducting research and analysis, developing and advancing innovative policy, providing evaluation of key federal programs, disseminating information, highlighting sound economic and environmental technologies and practices. By translating policy research into positive action for the good of the 18 states in the region, the Institute is able to engender effective policy that has a positive impact on the nation as a whole. For more information about the Institute and its work, visit www.nemw.org.

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Disadvantaged Communities Network

In 2006 the Northeast-Midwest Institute, The Sustainable Community Development Group and The Ferguson Group launched the EPA-sponsored Disadvantaged Communities Network to provide brownfields tools and technical assistance to local communities that are seeking to overcome economic and neighborhood disadvantage. This report is a synthesis of the materials gathered for the project, including webcasts, conference presentations, a literature review, and a collection of case studies.

The individuals who conceived and managed the Disadvantaged Communities Network project are: for the Sustainable Community Development Group - Deeohn Ferris; for The Ferguson Group – Ken Brown and Andrew Seth; for Northeast-Midwest Institute – Charles Bartsch and Evans Paull

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PURPOSE AND INTRODUCTION

According to the U.S. Environmental Protection Agency (EPA), “Brownfields are 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.”

Brownfields in any community face certain obstacles. There are extra costs related to assessing and remediating the site; the pre-development period is usually longer because of the need to gain regulatory sign-off; there are greater uncertainties related to project costs because remediation costs are largely unknown prior to concluding the regulatory process; and there are some future potential liabilities, toxic tort, in particular, which are difficult to address in a satisfactory fashion.

Yet there has been vast progress in overcoming these barriers. The brownfields marketplace in 2008, in stark contrast to the early and mid-1990’s, is generally seen as functioning reasonably well for advantageously located brownfields sites. With state voluntary cleanup programs, federal liability protections, and a variety of federal, state, and local incentives, brownfields sites are able to compete with greenfields sites if they have the location attributes that can attract private investment.

However in disadvantaged and distressed communities there are a number of additional hurdles:

- Brownfields sites may have depressed values because of neighborhood deterioration;
- Brownfields sites often adjoin residential areas, complicating reuse with sometimes difficult community impacts;
- Crime and other social pathologies may represent additional market barriers; and,
- Environmental justice issues may also complicate reuse.

Despite these additional obstacles there are compelling public purposes that are served if brownfields can be redeveloped in disadvantaged communities. New investment in a formerly abandoned facility can bring back jobs to those who need them the most, while changing how residents and outsiders see the neighborhood. New investment, transforming a blighted contaminated property into a community asset, can reverse trends that would otherwise lead to disinvestment and abandonment. Further, new affordable residential units may meet a real need for low and moderate income families. Lastly, redevelopment that includes local commercial services, such as a supermarket, may fill a void, providing low-income residents lower cost and healthier options for groceries and other services.

Disadvantaged Communities Network

In 2006 The Northeast-Midwest Institute, Sustainable Community Development Group, and The Ferguson Group launched the EPA-sponsored Disadvantaged Communities Network to
provide brownfields tools and technical assistance to local communities that are seeking to overcome economic and neighborhood disadvantage.

Launched at the National Brownfields Conference in 2005, the project included the following activities:

- The establishment of a national consortium of urban and rural communities and other stakeholders who are using brownfields revitalization as a tool to renew distressed areas;
- The convening of a “National Leadership Forum on Brownfields for Disadvantaged Communities” – see appendix 2;
- Regular conference calls and webcasts on a variety of brownfields issues to convene communities with leading experts and brownfields resources; and
- Ongoing brownfields technical assistance to disadvantaged communities, including the distribution of case studies, research reports, and brownfields information via the internet, telephone, and other settings.

LITERATURE REVIEW - DEVELOPING BROWNFIELDS IN DIFFICULT MARKETS

Public Intervention and Subsidies

A 2003 study of brownfields sites in Atlanta and Cleveland led to the conclusion that a pure market-based approach to brownfields redevelopment would lead to “widening urban inequality,” whereas public intervention “redirected towards poverty neighborhoods and low market value brownfields, however, can help to lessen urban inequality and poverty.”\(^1\) The challenge for public agencies, then, is to intervene in the marketplace in well-informed and strategic ways.

In a review of the literature on employment effects of brownfields redevelopment, University of Maryland researcher Marie Howland concludes that “site cleanup alone is typically not enough to stimulate neighborhood regeneration in the most distressed neighborhoods” – larger government subsidies are required. Howland goes on to conclude that, “Where job skills are low, poverty rates are high, schools are of lower quality and residents possess weak job skills, redevelopment is complex.”\(^2\)

A recent Northeast-Midwest Institute report also noted that, while public funding of brownfields redevelopment usually leverages total investment at a ratio of 1:8, investments in more difficult sites, often found in depressed markets, may require a much higher public subsidy resulting in a ratio of only $1/public to $3/total.

Similarly, brownfields sites in disadvantaged communities are more likely to require the more aggressive intervention of public acquisition before redevelopment becomes feasible. Eminent domain becomes necessary when area bight inhibits redevelopment of individual parcels. Land assembly can facilitate redevelopment by offering larger redevelopment parcels that can, in

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\(^1\) Leigh and Coffin, 2003
\(^2\) Howland, 2007
effect, change the image of the area. Eminent domain, as a brownfields redevelopment tool, is also often used to remove recalcitrant property owners who are unable or unwilling to address contamination issues.

Concentration of Brownfields in Low Income Areas

Brownfields are very often found in or near lower income communities because, historically, industrial and manufacturing facilities were built with workforce housing in close proximity. Then, as industrial location criteria changed and workforce neighborhoods declined, industries shut down or moved out, leaving dilapidated plants that reinforced neighborhood deterioration. Thus, it is not surprising that the literature finds strong correlations between low-income neighborhoods and brownfields sites. One study found that people of color were more than twice as likely (relative to all population groups) to live in zip codes with hazardous waste sites.\(^3\)

A Milwaukee study found that “census tracts with an above average proportion of families below the poverty level comprised 32% of City land, but 56% of the City’s brownfields.” The study also reported disappointing results, that the majority of the successful brownfields redevelopment projects were concentrated in the non-minority, non-poor census tracts.\(^4\)

The 1999 study by the Council for Urban Economic Development analyzed the demographic characteristics of the areas that were within a one mile radius of brownfields sites and found these areas had poverty rates that were double the national average (25 percent compared to 12.6 percent).\(^5\)

Characteristics of Successful Projects

Howland, in reviewing case studies of successful brownfields projects in disadvantaged communities, concludes that “the available literature suggests that they share certain characteristics: (1) the redevelopment plan incorporates a large enough site so that negative neighborhood externalities are internalized, (2) government subsidies are substantial, involve long term public commitments and a constant flows of funds, (3) there is on-going technical assistance, and (4) the location offers amenities such as proximity to transportation or waterfront.”\(^6\)

Howland also stresses that early and meaningful community involvement in private development projects can make a big difference in making sure that community objectives, usually jobs for residents or affordable housing, are taken into account in the redevelopment plan. She outlines four methods used to link residents to newly created jobs: 1) workforce training for the new jobs connected to the project; 2) training to improve local resident job search skills; 3) financial incentives for new businesses to hire local workers; and 4) formal community or government agreements with businesses to hire a proportion of local residents.\(^7\)

\(^3\) Commission for Racial Justice of the United Church of Christ, cited in Howland, 2007
\(^5\) CUED, 1999
\(^6\) Howland, 2007
\(^7\) Howland, 2007
BROWFIELDS REDEVELOPMENT GUIDES

There are a number of guides to the brownfields redevelopment process:

- EPA’s “Anatomy of a Brownfields Redevelopment;”
- The Association of State and Territorial Solid Waste Management Officials’ Toolbox for Cleanup and Redevelopment of Contaminated Sites in Small Cities and Rural Communities,
- Northeast-Midwest Institute and National Association of Local Government Environmental Professionals, Unlocking Brownfields, Keys to Community Revitalization, 2004

A good source for technical assistance is the Technical Assistance to Brownfields (TAB) communities program with contact information on the EPA website. The TAB programs offer “geographically-based technical assistance and training to communities and other stakeholders on brownfields issues with the goal of increasing the community's understanding and involvement in brownfield cleanup and revitalization.”

The following discussion incorporates the materials and lessons learned from the Disadvantaged Communities Network, put in the context of a step-by-step guide, similar to (and borrowing materials from) the above referenced brownfields redevelopment guides. The discussion is in two general parts: first, planning and strategies to address brownfields from a community-wide perspective; and, second, site-specific tools.

PLANNING TO ADDRESS BROWNFIELDS IN DISADVANTAGED COMMUNITIES – APPROACHES AND STRATEGIES

Staff Brownfields Expertise/Ombudsman

Having a local staff brownfields expert can create opportunities in many areas. As explained in the Trenton presentation (Brownfields, the Local Government Role, from a Disadvantaged Communities workshop), the staff role can include:

- Inventorying and marketing sites;
- Working with developers to access resources and gain comfort level;
- Procuring state and federal assistance;
- Working with communities to forge redevelopment plans;
- Managing the environmental aspects of city redevelopment projects.

Many non-profits also fill this role – some of these are:

- New Partners for Community Revitalization
- California Center for Land Recycling
- Delta Institute
In rural communities, this role is often carried out by regional planning and economic development agencies. A report developed by the National Association of Development Organizations identified six keys to success for rural brownfields redevelopment, one of which was the importance of “established administrative capacity necessary to survive the life of the project.”

**Site Inventory and Identification**

In many communities, inventorying potentially contaminated properties is the starting point. Communities will find that that inventorying brownfields sites is not easy – there are multiple information sources, but they are unlikely to add up to a comprehensive list. Never-the-less, using existing information sources can save time and can produce valuable information, even if it is not comprehensive.

Existing information sources include: the state’s regulated/hazardous waste site list, the state’s list of sites that have gone through the voluntary cleanup program or received state incentives; state and local economic development agency vacant site lists, and realtors’ multi-list services.

Experienced practitioners have found that these information sources will lead to “a good start” toward a brownfields inventory, but communities may find that a complete inventory is going to require original information collection.

Inventories can be simple or complex, comprehensive or targeted, expensive or inexpensive. Some inventories take advantage of mapping programs that can be linked to demographic and other information, an obvious advantage in marketing sites. The main guidance is this: inventories start getting out of date the day they are completed; so make sure you gear your initial effort to something that can be sustained – that you will be able to perform updates and not let the system become out-moded. A simple system with only a few dozen sites that is constantly updated is to be preferred over a complex and comprehensive system that cannot be maintained.

Communities often find some level of property owner resistance to their site being branded a “brownfield” site. However, the level of resistance is in reverse proportion to the level of incentives that are connected to a “brownfield” designation. In Florida, there is an application process to be designated a brownfields site or a brownfields area (see City of Tampa presentation: [Overview of the Brownfields Process from a City Perspective](#)). Certain incentives are linked to the designation (see State of Florida Powerpoint presentation: [Brownfield Redevelopment Economic Incentives](#)). Michigan also has an array of incentives connected to a brownfields designation (see: [Michigan Brownfields Incentives](#)), and there have been criticisms that the definitions are too lax.

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8 National Association of Development Organizations, 2003
Brownfields site inventorying is an eligible use of EPA Brownfields Site Assessment funds – up to $200,000 per eligible entity. (See: [http://www.epa.gov/swerosps/bf/applicat.htm#pg](http://www.epa.gov/swerosps/bf/applicat.htm#pg))

**Strategic Planning – Community/Stakeholder Involvement and Market Realities**

Armed with basic information about the brownfields sites in your community, the next level would ideally involve two simultaneous steps: community/stakeholder involvement and a market assessment.

Successful redevelopment usually depends on getting “buy-in” at a number of levels: the local political leadership; the neighborhood; and key state and federal partners. The community needs to be involved in creating a vision for the site(s), but that vision needs to be tempered with the reality of the marketplace. One way to accomplish both objectives to build a team that includes both community leaders and real estate experts.

Preliminary market assessments need not involve consultants and heavy number crunching – involving experienced real estate professionals from both the public and private sectors can provide the necessary perspective. One key element is to assess the assets of the community, i.e., in retail parlance, to identify the “anchors” that can attract investment. These are usually the building blocks of successful plans.

An early community involvement activity should be to prioritize sites and concentrate on one or more projects that have passed at least a basic market feasibility assessment. The Central Florida Community Redevelopment Corporation, in a presentation at a Disadvantaged Communities workshop, suggested using a green-light, yellow-light, red-light decision matrix to rank potential projects. See: [Overview of the Brownfields Process from a Community Development Corporation](http://www.dec.ny.gov/chemical/8447.html).

For an example of how one community developed and then implemented a strategic plan for a brownfields area, see: [CDC and Brownfields Redevelopment in Orange, NJ - From Abandonment to Opportunity](http://www.dec.ny.gov/chemical/8447.html). Hands, Inc led a community/stakeholder driven process for their 40-block “Valley Revitalization Plan.” The results have been:

- 600+ new residential units- $120 million investment
- 100 arts spaces for working artists and retailers
- Neighborhood retail

**State and Federal Programs to Assist Brownfield Action Plans**

Some states also assist community-wide brownfields planning efforts. New York’s Brownfield Opportunity Area Program (BOA) program assists with site inventorying, the preparation of community brownfields action plans, and site assessments. Further, there is an extra two percent tax credit in New York’s Brownfields Cleanup Program tax credit program for projects that implement a BOA plan. The [Rochester Case Study](http://www.dec.ny.gov/chemical/8447.html), presented on a Disadvantaged Communities webcast, is a good representation of a community assessment and planning effort, partly funded through a BOA grant. (See: [http://www.dec.ny.gov/chemical/8447.html](http://www.dec.ny.gov/chemical/8447.html))

Another interesting model, New Jersey’s [Area in Need of Redevelopment](http://www.dec.ny.gov/chemical/8447.html) designation (presented at a Disadvantaged Communities workshop) is designed to take a community
redevelopment plan through to implementation. The process is designed to unify state financing resources with local measures, such as tax increment financing and use of land assembly/eminent domain mechanisms.

A federal resource is the U.S. Department of Commerce Economic Development Administration’s Economic Planning Program. Local governments (not non-profits) are eligible (See: Economic Development Administration, Economic Planning Program.)

**Market/Demographic Assessments in Under-served Communities**

The above section outlined an informal way to incorporate market assessment information by simply involving real estate professionals in the planning process. Many communities have discovered that another fruitful approach is that taken by the Social Compact, a nonprofit, nonpartisan coalition of business leaders from across the country committed to promoting successful investment in lower-income communities (www.socialcompact.org). Working in close partnership with community and corporate leaders over the past decade and a half, Social Compact has pioneered the “DrillDown,” a methodology to analyze inner-city markets and create accurate, business-oriented profiles of “emerging” neighborhood markets. Drawing on business disciplines and community strength, these DrillDown profiles have a strong track record of catalyzing sustainable, private investment, benefiting communities and businesses alike. See the presentation, Capturing Underserved Market Potential: The Social Compact Approach, from a Disadvantaged Communities webcast.

Social Compact’s innovative research fills a void in the market: replacing outdated, deficiency-based data on lower-income communities with reliable market analysis to drive better investment decisions in underserved communities. The goal: safe and healthy neighborhoods in which to live and do business.

Social Compact has identified in 13 different city studies and in over 300 neighborhoods: an informal economy worth over $12 billion; aggregate household income over $32 billion; 350,000 more households and 1,000,000 more residents than census trend projections. For example, Social Compact’s citywide “DrillDown” analysis of Cincinnati found that the census was under-reporting the City’s population by 22% and median household income by 9 percent. Furthermore, they estimated retail leakage at $190 million.

**The Role of Land Banks**

Land banks generally serve to hold, manage, and dispose of property in a fashion that allows for planned, neighborhood enhancing reuse of vacant, abandoned property. Kevin O’Brien of the Great Lakes Environmental Financing Center presented Industrial Land Bank, Acquisition Criteria Selection in a webcast. He outlined the purposes of a land bank as: “to strategically assemble marketable land (in order to):

- (Create an) overall municipal land management strategy
- Link market demands to long-term ED strategy
- Manage all city-owned property as an investment portfolio”

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O’Brien recommends that localities choose properties that have certain market characteristics, rather than being a repository for all vacant/tax foreclosed land.

The Genesee County Land Bank (in Flint, Michigan) is generally regarded as a national model. In a presentation for a Disadvantaged Communities webcast, “Genesee County Land Bank,” Dan Kildee summarized the program as encouraging re-use of more than 4,000 residential, commercial and industrial properties that it has acquired through the tax foreclosure process. The Land Bank has 10 programs: Planning and Outreach, Brownfield Redevelopment, Development, Adopt-a-Lot, Clean and Green, Demolition, Housing Renovation, Sales, Side Lot Transfer and Foreclosure Prevention. See article regarding the Genesee County program.

Presenters for both the Genesee County and the Ingham County Land Bank attributed their success to several key factors:

- Both land banks were able to convince city and county authorities to overhaul their tax foreclosure processes, partly to reduce time and other inefficiencies, and partly to establish that property reuse should be planned and not subject to haphazard auctioning of properties to the highest bidder.
- Tax Increment Financing allows them to “cross-collateralize” properties. By batching multiple properties (as many as 3,600) in a single brownfields TIF, stronger properties cross-subsidize weaker properties, allowing the land bank to finance upfront cleanup, demolition, title clearance, and other eligible site prep activities on the whole inventory of tax foreclosed and abandoned property.
- In Michigan the legal mechanism for the TIF/land bank connection is Michigan’s Brownfield Redevelopment Authorities – a key legal hurdle was overcome when the Michigan state legislature broadened the definition of “brownfield” to include any property owned by a land bank.

SITE-SPECIFIC TOOLS

The above section outlined steps communities can carry out in developing strategies and plans for addressing brownfields from a community-wide perspective. This process will lead toward the identification of a number of priority sites that have passed at least a preliminary feasibility test.

As the community moves toward engagement with specific sites, there is a much greater need to engage the private sector - working with environmental consultants, lenders, and developers. For an overview of this process see the presentation “Brownfields – Working with the Private Sector,” (Brownfields Redevelopment Solutions).

The following discussion suggests steps to take, and resources to take advantage of, in promoting redevelopment of priority parcels.

Site Assessments
Environmental site assessments can provide important information relative to likely levels of contamination and potential impact on project costs.

**Phase I Assessment**
A Phase I assessment, which does not involve any soil sampling, is designed to indicate the likely presence of contamination, as well as possible locations of contamination within the site. A full Phase I assessment ordinarily involves an on-site inspection, which requires site access. Site access can be problematic, as many property owners resist granting access. If the property is being acquired under eminent domain, some states have adopted specific legal provisions granting site access prior to taking possession.¹⁰

A Phase I site assessment should meet the standards of the American Society of Testing Materials (ASTM) for the [Phase I Environmental Site Assessment](#) process. Note the ASTM standard also meets the requirements of the federal “All Appropriate Inquiry” (AAI) rule. Performing AAI is necessary to maintain federal liability defenses. AAI will be further explained under “Liability protections,” below.

**Phase II Assessment**
If indicated, a Phase II site assessment, which involves soil sampling (and, potentially, groundwater sampling) should follow the Phase I. The Phase II assessment should meet the ASTM standards for the [Phase II Environmental Site Assessment](#) process. However, various conditions - lack of site control, inability to gain access, or shortfalls on the funding end – often dictate that the Phase II assessment be postponed until the redevelopment plan is further along.

The information from the site assessment (even if it is only a Phase I) needs to be brought back to community/stakeholders group, as the assessment may affect the uses to which the property can be realistically used. For example, if the community’s plan calls for residential/affordable housing, but the site assessment indicates high potential costs of achieving residential cleanup standards, the plan may need to be revised.

**Funding for Site Assessments**
Two sources of assistance with site assessments are:

- **US EPA Brownfields Assessment Grants.** Grants up to $200,000 for environmental site assessments. Funds may be used on public and privately owned sites. Applications may be for community-wide or site-specific funding. Higher funding amounts are available for:
  - Coalitions of eligible entities may apply together under one recipient for up to $1,000,000;
  - An applicant may apply for community-wide assessments for both petroleum and hazardous substance assessments, totaling $400,000.
  - Site-specific grants can be up to $350,000.

See [www.epa.gov/brownfields/assessment_grants.htm](http://www.epa.gov/brownfields/assessment_grants.htm) for more information.

o US EPA Targeted Brownfields Assessments. U.S. EPA regional offices or your state program may be able to assess Brownfields sites under a program called Targeted Brownfields Assessment. At the request of a municipality or non-profit the state (or U.S. EPA) can perform an assessment and assist in the planning process for redevelopment of Brownfields sites. These assessments are done at no cost to the requesting community at sites where there is a clear public benefit. See http://www.epa.gov/brownfields/tba.htm for more information.

Working with Environmental Consultants
The presentation “Brownfields – Working with the Private Sector” (Brownfields Redevelopment Solutions) gives guidance on how to work with environmental consultants. Some private consultants offer a range of services that can assist communities through, not only the site assessment process, but also through site inventorying, community strategic planning, and assessing financing resources. One presentation for a Disadvantaged Communities workshop identified the advantages of this kind of one-stop consulting: see: http://www.nemw.org/RoleRedevConsulting.pdf

Financing Resources for Cleanup and Redevelopment
Community planners should inventory financing assistance programs that can help close gaps and make projects feasible. As noted from the literature review, above, brownfields projects in disadvantaged and distressed communities may require higher public subsidies, and communities may have to be proactive in lining up multiple incentives to cover significant gaps.

Federal Financing Sources
A presentation covering Brownfields Financing Tools (presented on a Disadvantaged Communities webcast) summarizes federal brownfields-related redevelopment assistance programs, and Appendix I is a more detailed inventory of federal programs that are often used in brownfields and community revitalization efforts in disadvantaged communities.

The primary federal brownfields cleanup and redevelopment programs are:

- **EPA Brownfields Cleanup Grants and Revolving Loan Funds** – Cleanup Grants are up to $200,000 per site for site remediation. Limited to sites owned by public, quasi-public entities, and non-profits that are not responsible persons. Eligible applicants may apply for separate cleanup funds for hazardous substances and petroleum contamination, not to exceed $200,000 per site. Revolving Loan Funds are up to $1 million for capitalization of a cleanup loan fund. Loans may be made to private entities that are not responsible persons. 40% of funds may be used as a sub-grant for sites owned by public and non-profit entities other than the grant recipient. (See: http://www.epa.gov/swerosps/bf/applicat.htm#pg).

- **Clean Water State Revolving Funds (CWSRF) Funds** – This program is EPA funded but administered by the states. States can issue loans of up to 20 years to finance activities that include brownfields mitigation to correct or prevent water quality problems, and which have a revenue stream to provide for loan repayment. There is no
limit on the amount of funding that a project can access. Interest rates are below market. (See: http://www.epa.gov/owmitnet/cwfinance/cwsrf/.)

- **HUD Community Development Block Grant Program (CDBG)** - CDBG funded activity must meet one of the program’s three objectives: 1) principally benefit low- and moderate-income persons; 2) prevent or eliminate slums or blight; or 3) meet other urgent community development needs. Funds may be used for economic development activities, including brownfields redevelopment, that have the potential to stimulate job and business opportunities in low-income and blighted communities. HUD funding can be used for cleanup of all types of contaminants as well as necessary redevelopment activities like demolition. (See: http://www.hud.gov/offices/cpd/communitydevelopment/programs/.)

- **HUD Brownfields Economic Development Initiative (BEDI)** – grants are intended to spur the return of brownfields to productive economic use through financial assistance to public entities in the redevelopment of brownfields, and enhance the security or improve the viability of a project financed with Section 108-guaranteed loan authority. Therefore BEDI grants must be used in conjunction with a new Section 108-guaranteed loan. (See: http://www.hud.gov/offices/cpd/economicdevelopment/programs/bedi/.)

- **Section 108 Loan Guarantee Program** - Section 108 provides federally guaranteed loans for large-scale economic development, housing, and public infrastructure projects. Small cities must work through their states. CDBG recipients must provide security for the loan, including a pledge a portion of their current and future CDBG grants. (See: http://www.hud.gov/offices/cpd/communitydevelopment/programs/108/.)

- **US Department of Commerce, Economic Development Administration** - Funds public works, infrastructure improvements, and public buildings designed to leverage job growth, especially in the industrial and technology sectors. (See: http://www.eda.gov)

**Federal Incentives Designed to Assist Community-Based Revitalization Projects**
Aside from the above, the authors wanted to call particular attention to three federal resources that are designed to facilitate community-based and community development corporation (CDC) involvement in distressed community redevelopment activities.

- **New Markets Tax Credits** - provides private-sector investors (e.g., banks, insurance companies, corporations or individuals) with federal income tax credits, in return for new investments in eligible businesses in low-income communities, including brownfields projects. Tax credits are allocated by the Community Development Financing Institutions Fund (CDFI) for distribution by intermediary entities - Community Development Entities (CDEs). CDEs can include organizations such as community development corporations (CDCs), community development financial institutions, community development venture capital funds, small business development corporations, community loan funds, specialized small business investment companies and others. The credit provides a total of 39 percent of the cost of the project investment and is claimed over a seven-year credit allowance period. (See: EPA Guide for using New Markets Tax Credits on Brownfields Sites.)
o **Low-Income Housing Tax Credits (LIHTC).** LIHTC provide dollar-for-dollar tax credit to investors who provide equity or capital to qualifying projects that produce low income housing. Credits are allocated to the states based on a formula. For projects without federal financing, the tax credit’s value is approximately nine percent of the development cost, excluding land. The credit can be taken by the developer or syndicated to other entities with tax liability and converted into equity or capital for the developer. Projects may involve remediation of land and/or buildings. (See: [http://www.huduser.org/datasets/lihtc.html#about](http://www.huduser.org/datasets/lihtc.html#about))

o **U.S. Department of Health and Human Services, Community Economic Development (CED) Program** - provides funds to create employment and business development opportunities for low-income residents. Eligible applicants include: private, nonprofit organizations that are community development corporations (CDC) including faith-based, charitable and Tribal and Alaskan Natives organizations. (See: [http://www.acf.hhs.gov/programs/ocs/ced/fact_sheet.html](http://www.acf.hhs.gov/programs/ocs/ced/fact_sheet.html).)

### State Financing Resources


For an additional summary of how federal, state, regional, and local programs can be melded together, see the South Florida presentation (from a Disadvantaged Communities workshop): [Federal, State, Regional and Local Brownfields Incentives: Lessons Learned](https://www.epa.gov/sites/production/files/2015-11/documents/fb eligible pub final jan 6 2006.pdf).

There are a number of ways that state programs have been structured to give priority to disadvantaged and distressed communities.

Many states accelerate incentives in distressed areas. One model, presented at a Disadvantaged Communities workshop, is the [Florida’s Brownfield Redevelopment Incentives](https://www.epa.gov/sites/production/files/2015-11/documents/fb eligible pub final jan 6 2006.pdf) which includes:

- Tax refunds for job creation, with bonuses if located in state enterprise zones, rural areas, or designated brownfield areas;
- A sales tax exemption for building materials used in residential and mixed use projects if at least 20 percent of the units are affordable; and,
- Expedited permitting for projects in designated brownfield areas.

Other states that offer brownfields incentives targeted to distressed areas include:

- Massachusetts Brownfields Tax Credit (of 25 to 50 percent of cleanup costs) is only available in state Enterprise Zone areas (see: [Tax Provisions of the Brownfields Act](https://www.mass.gov/effect/program/brownfields-tax-credit))
- Wisconsin’s Brownfields tax Credit (50 percent of cleanup costs) is only available in the states’ “Community Development Zones. (See: [Wisc. Community Development Zones](https://www.wisconsin.gov/effect/program/brownfields-tax-credit))
- New York’s Brownfields Cleanup Program tax credit accelerates the available credit from 12 percent of total development costs to 20 percent of total development costs if the project is in a distressed “EN Zone.” (See: [New York’s Re-structured Brownfields Tax Credit](https://www.wisconsin.gov/effect/program/brownfields-tax-credit))
Local Financing Resources
Local financing resources are presumed to be known by local planners. However, a number of model local efforts are highlighted in the following NEMW reports and presentations:

- Using Tax Increment Financing for Brownfields Redevelopment
- Local Brownfield Financing Tools: Structures and Strategies for Spurring Cleanup and Redevelopment
- Innovative Local Financing (presentation)

Foundation Resources
One of the advantages of promoting CDC and non-profit involvement in brownfields redevelopment is that CDCs can access foundation funds that are unavailable to local governments and private entities. Some of the foundations that have supported the CDC projects cited in this report include: Riley Foundation, Annie E. Casey Foundation, Ford Foundation, MacArthur Foundation, John Templeton Foundation, Switzer Foundation, Fannie Mae Foundation, LiveCooler Foundation, and the Enterprise Foundation.

Local Government Acquisition

As discussed above, brownfields redevelopment in disadvantaged and distressed communities is more likely to involve local government acquisition relative redevelopment in non-distressed communities. Acquisition of contaminated sites brings a host of issues, most notably liability and uncertainty related to cleanup cost levels.

Liability questions are dealt with below. Cleanup cost uncertainties can be a significant hurdle. If eminent domain is being used in the acquisition process, local government can be faced with two difficulties: 1) they may not be able to access the site (and perform a site assessment) until after they take possession; and 2) they may not be able to deduct cleanup costs from the determination of fair market value. A number of states have adopted specific reforms designed to address these two issues. These state reforms, along with various court decisions on the subject, are addressed in more detail in the NEMW report, Mothballed Sites and Local Government Acquisition.

For the City of Trenton’s view of these issues, see the presentation: Brownfields, the Local Government Role.

Liability Protection for the Purchaser-Redeveloper

An innocent purchaser (including local governments and non-profits) of a brownfields site may pursue a number of strategies to limit their liability exposure: federal protection as a “Bona Fide Prospective Purchaser;” state protection through a Voluntary Cleanup Program (VCP); and protection against unforeseen costs and toxic tort through purchase of private environmental insurance.
Federal Liability Protection
The federal Brownfields Law defines eight requirements for establishing and maintaining status as a Bona Fide Prospective Purchaser (BFPP). One of those requirements is that the purchaser performs “All Appropriate Inquiry.” Quoting from the ASTSWMO Guide:\(^\text{11}\)

_All Appropriate Inquiry, or AAI as it is commonly known, is an environmental site assessment that meets the requirements of U.S. EPA’s All Appropriate Inquiry rule (40 CFR 312). Following the requirements of AAI in a pre-purchase environmental site assessment gives a prospective purchaser protection from CERCLA (aka Superfund) liability for those environmental issues that are identified by the AAI assessment._

_Prospective property owners who were never involved in any practices that might have contaminated the property (aka innocent landowners) as well as owners of contiguous properties are eligible for protection from CERCLA, if AAI is conducted prior to purchasing a property. In addition, to maintain protection from CERCLA liability, property owners must comply with certain “continuing obligations” provided in the statute.\_

Public agencies that are acquiring contaminated property have one other avenue for federal liability protection: the “involuntary acquisitions” exemptions and defenses to CERCLA liability. For discussion of the coverage (and gaps in coverage) afforded by this and the bona fide prospective purchaser provisions, see the National Association of Local Government Environmental Professionals (NALGEP) report, “Superfund Liability: A Continuing Obstacle to Brownfields Redevelopment,” and the NEMW report Mothballed Sites and Local Government Acquisition.

State Liability Protections
All states have some form of a voluntary cleanup program (VCP) which is designed to give a purchaser/volunteer some degree of assurance that, once cleanup is complete, the purchasers’ liability for further cleanup is limited to certain well-defined and unusual circumstances (“reopeners”). For web links to state VCP programs, see [http://epa.gov/brownfields/state_tribal.htm#links](http://epa.gov/brownfields/state_tribal.htm#links). For a description of each state’s programs see: [http://www.epa.gov/swerosps/bf/pubs/st_res_prog_report.htm](http://www.epa.gov/swerosps/bf/pubs/st_res_prog_report.htm)

Two presentations addressed the liability protections in the State of New Jersey: Steering Clear of Liability in New Jersey, Roxanne E. Jayne, Sterns and Weinroth, PC; and Environmental Liability Considerations in New Jersey, Phyllis Bross, Parker McCay.

Environmental Insurance
Liability and uncertainty issues do not end with protection against state and federal enforcement action. Toxic tort (or personal injury) liability is generally not addressed through state VCP programs, and many developers obtain private environmental insurance to limit unknown future environmental liabilities. Many developers also obtain “cost cap” insurance to protect against cleanup costs that were not anticipated. See the presentation, Critical Role of Insurance in Brownfields Transactions, Lassiter Ware Insurance (from a Disadvantaged Communities workshop).

\(^{11}\) Association of State and Territorial Solid Waste Management Officials, 2007
Working with Lenders

Private financing of brownfields redevelopment can involve extra hurdles. Although lenders are less concerned about getting caught in liability than they once were, there are still concerns that brownfields projects have greater uncertainties – that, for example, cleanup costs could exceed expectations and undermine project economics. For a discussion of how lenders view brownfields projects, see the following presentations:

- Lender and their Tools - Randy A. Mueller, Bank of America
- Banking on Contaminated Properties - Bonnie Anderson, Shore Bank Pacific

Community Reinvestment Act

The 1977 Community Reinvestment Act (CRA) was designed to encourage lenders to make capital available in low-and-moderate-income urban neighborhoods, thereby boosting the nation's efforts to stabilize these declining areas. A 1995 amendment to the CRA regulations made specific reference to brownfields redevelopment in distressed communities as eligible for CRA credits. The EPA website section on CRA explains the policy as follows:

In 1995 the Office of the Comptroller of the Currency revised its regulations pertaining to the CRA's implementation. Lenders subject to the CRA can now claim community development loan credits for loans made to help finance the environmental cleanup or redevelopment of an industrial site when it is part of an effort to revitalize the low- and moderate-income community in which the site is located.

Brownfields practitioners report that the CRA credits are often helpful in securing brownfields financing in difficult markets. A Trenton affordable housing case study, referenced below, cites CRA as a factor in securing financing.

Technical Assistance in Structuring Deals

Brownfields projects in distressed and disadvantaged communities are likely to involve significant subsidies from multiple sources. This means that financing needs to be layered in the most effective fashion, and terms need to be carefully negotiated, using credit enhancements to the greatest possible advantage. Wall-Street-Without-Walls (WSWW) uses a cadre of retirees and other volunteers who have significant real estate financing experience to provide technical assistance in deal-structuring for non-profits, CDCs, CDFIs, and local government. WSWW’s presentation, “Deal Structuring Assistance through Wall Street Without Walls” (on a Disadvantaged Communities webcast) describes their mission as:

WSWW connects senior and retired volunteers who have investment banking and capital markets experience with community development organizations seeking creative solutions to accessing new sources of mission capital. The goal of each project is to help a community development organization think through a financing need and identify the best sources and structures for funding.

WSWW is working with NEMW and individuals at the National Vacant Properties Campaign in an effort to connect its expertise to brownfield sites.
CASE STUDIES

The following case studies are drawn partly from materials collected and presented at Disadvantaged Communities workshops and webcasts and partly from previous Northeast-Midwest Institute reports.

The case studies are grouped in three categories:

- CDC-led brownfields projects
- Developer-led brownfields projects
- Negotiating community benefits from brownfields redevelopment

CDC-Led Brownfields Projects

**Bethel New Life, Chicago – a Sustainable Transit Village**

Bethel New Life has developed or assisted over 1,000 new affordable housing units and brought in over $110 million in leveraged financing to a “credit-starved” community.

Their Bethel Center – the cornerstone of the Lake Pulaski Transit Village Plan – is a model for sustainable brownfields and transit-oriented development. The Bethel Center includes commercial development and 70 affordable homes (so far). Sustainability features include: energy-efficient homes, traffic calming strategies, bicycle racks, greening and parks, bioswales to reduce storm water run-off, a green roof, direct access to transit, and close proximity to childcare, schools, shopping and jobs. (See: [http://www.nemw.org/Bethel-NewLifeChicagoCDC.pdf](http://www.nemw.org/Bethel-NewLifeChicagoCDC.pdf) and [http://www.bethelnewlife.org/community.asp?id=sub~Case_Study-Bethel_Center](http://www.bethelnewlife.org/community.asp?id=sub~Case_Study-Bethel_Center))

**Dorchester Bay Economic Development Corp, Boston – Multiple Funders Produce Success**

Dorchester Bay Economic Development Corp (DBEDC) has successfully redeveloped three abandoned industrial properties for new affordable housing and new job-producing businesses. DBEDC has been able to tap multiple public and foundation sources to close gaps while maximizing equity and minimizing debt. One cited project, Spire Printing at Bay Street (50 new jobs and $15 million new investment in a green transit-oriented redevelopment) involved 17 financing sources. (See: [http://www.nemw.org/DorchesterBayEDC-TurningBrownfieldsGreen.pdf](http://www.nemw.org/DorchesterBayEDC-TurningBrownfieldsGreen.pdf) and [http://www.dbedc.com/](http://www.dbedc.com/))

**Dorchester Bay Economic Development Corp – Green, Affordable, Transit-Oriented Development**

DBEDC also completed Dudley Village, a model for sustainable development and a Phoenix Award winner. Dudley Village is 50 new affordable units with Energy Star ratings and 6,260 square feet of commercial space located ¼ mile from the Uphams Corner commuter rail station. Greening elements include:

- Photovoltaic Solar Energy
- High Efficiency Heating System
- Rain Garden and Low Impact Development Practices
- High Performance Insulation
- Water Conserving Fixtures
• Tankless Water Heaters
• Low VOC Paints

More than a dozen financing sources are backing the Dudley Village project, including Low-Income Housing Tax Credits, New Markets Tax Credits and a Transit Oriented Development loan from MassHousing. (See: http://www.nemw.org/DorchesterBayEDC-TurningBrownfieldsGreen.pdf and http://www.housingfinance.com/ahf/articles/2008/aug/urbanfinalisttrading0808.htm.)

Roanoke LISC – Brownfields Linked to Greenway Trails
The Roanoke office of the Local Initiatives Support Corporation (LISC) produced a strategy to link brownfields redevelopment to a regional trails and greenways plan. LISC assisted making the connection using strategies that include:
- Advocating for redevelopment
- Facilitating community engagement
- Developer or major partner
- Assembling and “land banking” sites
- Priming the pump
- Shaping broad strategies and implementing them at the ground level
(See: http://www.nemw.org/LISC-ToledoRoanokeCDC.pdf.)

Hands, Inc, Orange, New Jersey – Industrial Zone Re-positioned as Arts District
Hands, Inc led a community/stakeholder driven process for their 40-block “Valley Revitalization Plan.” The plan capitalized on the potential for re-using industrial lofts as artists’ studios and live-work spaces, as well as for new apartments, condominiums, and retail. The results include:
- 600+ new residential units- $120 million investment
- 100 arts spaces for working artists and retailers

New Markets Tax Credits was one key financing source. (See: CDC and Brownfields Redevelopment in Orange, NJ - From Abandonment to Opportunity.)

Clearwater NHS – Junkyard to Affordable Housing
The Clearwater Neighborhood Housing Services (CNHS) acquired the contaminated junkyard through a donation from the property owner. Using a state brownfields grant and local homeowner assistance programs, CNHS was able to clean up and redevelop the property for two affordable units. (See: Junk Yard Nightmare Turns Into History.)

Trenton Partners with CDC to Produce Affordable Housing
The City of Trenton acquired the former Trenton Watch Company site, then turned it over to Lutheran Social Ministries of New Jersey (LSM), an experienced nonprofit developer, to take on what became known as the “Circle F project.” Today, the Circle F factory is a thriving community of 75 affordable senior housing units in Trenton’s East Ward. Lutheran used Low-Income Housing Tax Credits, $4 million in CDBG funds, and CRA-related lender financing through Nat West Bank to finance the project. (See: the NEMW report, Linking Brownfield Redevelopment and Housing.) Following Circle F project, the City of Trenton has partnered with other non-profit organizations and developers to produce approximately 300 additional
units of affordable housing units on 10 additional brownfield sites. In each case, these sites were remediated to unrestricted use standards and used multiple sources of federal, state and other funds to complete environmental investigations and remedial actions.

**Developer-led Redevelopment of Brownfields in Distressed Communities**

**Baltimore Developer – Creative Reuse for Teachers Housing and Non-profit Offices**
An NEMW article, written for the Disadvantaged Communities project, highlights the potential for an outside-the-box market niche to drive a brownfields project in a difficult market. In this case, developer Manekin Corporation was able to redevelop the long-vacant H. F. Miller plant for teachers’ housing and non-profit offices. The project used three public financing sources: an EPA Brownfields Site Assessment grant, New Markets Tax Credits, and Historic Tax Credits. See the article: *Transforming a Brownfield in Baltimore*, on the NEMW website, or in *Community Investments, A Publication of the Community Development Department of the Federal Reserve Bank of San Francisco* at [http://www.frbsf.org/community/](http://www.frbsf.org/community/)

**Baltimore Developer – Non-profit Offices Key Historic Preservation**
Another developer-led Baltimore project in a difficult market was spurred by the commitment of a non-profit to occupy office space. An historic and architectural masterpiece, the long-vacant American Brewery building is finally under-going renovation. According to the Baltimore Sun article, Humanim, a 37-year-old Columbia-based nonprofit whose employees counsel clients to find jobs or obtain better ones, will occupy the site. Humanim has 650 employees, and 250 of them will transfer to the old brewery. The project is also described on the developer’s website: see [Stuever Brothers, Eccles, and Rouse – American Brewery Project](http://www.frbsf.org/community/)

**Florida Developer – Ambitious Plans Producing Community Benefits**
Shafer Development, which specializes in industrial and retail infill projects, presented information that balanced the incentives needed to kick-start projects vs. the benefits that will result. Their 1,400 acre, $489 million Lakeside Station project is projected to accommodate 20,000 jobs and generate $9.1 million, annually in local taxes. (See: Brownfields Developers Perspective: Turns Brown into Green.)

**Negotiating Community Benefits from Brownfields Redevelopment**

Disadvantaged communities often find that developer-led proposals to redevelop brownfields do not necessarily respond to their needs and priorities. Below, three projects are cited where community groups advocated for and received considerable concessions from developers of ambitious brownfields projects.

**Birmingham Group Produces Jobs for Residents**
Marie Howland, in the previously cited article, reviews a Birmingham industrial development case where a community group has an informal arrangement with a developer to promote jobs for residents. The approach is simple in concept: work with each new tenant of the industrial park to define their manpower needs and then line up training resources to assist local residents in getting matched up with the new jobs.  

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12 Howland, 2007
The North Birmingham Economic Revitalization Corporation works to ensure that primarily local residents are hired for jobs on the remediated site at the North Birmingham Industrial Redevelopment Project in Birmingham, Alabama. One of the first EPA brownfield projects, the site is within a state enterprise zone where tax benefits encourage local hiring. In addition to the tax incentives, community organizers and local residents work with each potential new tenant on the site to ascertain how much employment and what types of skills the company will require so that local people can be trained beforehand. Job training and assistance programs for local residents are being established. Dixon reports that of the 200 jobs created, half are filled by local residents. However, there is no formal agreement between the employers and the local community that guarantees local residents access to the new jobs. "Thus, their claim on the employment ‘asset’ remains tenuous”\(^{13}\).


**Denver – Cherokee’s Gates Rubber Redevelopment Modified for Affordable Housing and Jobs for Residents**

A Coalition of Denver neighborhoods and non-profit groups under the umbrella of the Campaign for Responsible Development negotiated community benefits from Cherokee and the City of Denver relative to the $2.5 billion Gates Rubber redevelopment project. The Gates Rubber project is often cited as a model sustainable brownfields and transit-oriented development project.

The negotiated benefits include:
- 350 affordable housing units;
- 1,000 construction jobs paid at the prevailing wage;
- Up to 10,000 temporary and permanent jobs over the next decade, with preference for residents of nearby neighborhoods.


**Baltimore – Community Benefits Negotiated for East Baltimore Bio-Park**

In East Baltimore an ambitious urban renewal plan, anchored by the East Baltimore bio-tech park, aims to provide 1,200 new mixed income homes in the 85-acre redevelopment zone north of the Johns Hopkins Medical Institutions complex. Rosa Hart-Burenstine, Baltimore Coalition for Environmental Justice, has chronicled the community’s efforts to gain relocation benefits, establish demolition protocols, and establish residents’ first-right-of-refusal for the newly developed housing. See: [http://www.cpeo.org/pubs/RosasStory.pdf](http://www.cpeo.org/pubs/RosasStory.pdf) and [www.ebdi.org](http://www.ebdi.org).

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\(^{13}\) Dixon, 2000
CONCLUSIONS – LESSONS LEARNED

In the joint NEMW-NALGEP report in 2004, “Unlocking Brownfields, Keys to Community Revitalization,” there were ten “Keys to Brownfields Success.” Here, the author briefly adapts these same keys to success to the experience gained in the Disadvantaged Communities project:

1. **Field a Strong Brownfields Team with Leadership from the Top** – Because projects in disadvantaged and distressed communities are likely to require greater subsidy, getting buy-in from decision-makers and purse-string holders will be key.

2. **Connect Brownfields with Community Revitalization Priorities** – Priorities evolve over time. One of the current (and foreseeable future) priority in many communities is sustainability. A project that meets multiple objectives – for example, sustainability AND providing affordable housing – will help sell the project.

3. **Begin with the End in Mind** – This principle addresses a problem that may be more prominent in distressed communities, because of the likely presence of properties that are problematic from the community’s perspective, but may not be feasible from a market perspective. Quoting from the “Unlocking Brownfields” report. “Brownfields projects have much greater success when the local community first identifies (a feasible) potential re-use of the idled, contaminated property. This end-use approach can help focus the environmental remedial response, attract private investors and public resources, and build the community consensus to see the project through. Too often, localities will spend many months and many dollars on brownfields cleanup, without any real plans for how the property will be utilized.”

4. **Involve Citizens from the Start** – Most of the Disadvantaged Communities successful case studies cited in this report used bottom-up planning that eventually led to successful redevelopment.

5. **Engage the Private Sector & Reduce it’s Risk** – For developers and lenders the challenge is to make “doing good” and “making money” come together in the same project. Remember that financial risk and reward is also affected by non-financial incentives. Expedited permitting/community review, higher density zoning, and a smooth process to gain liability relief all positively affect the bottom line.

6. **Make Cleanups Work for you** – Compared to just five years ago, risk-based cleanups are now more generally accepted, even for residential development. This is a favorable trend for disadvantaged communities because it lowers cleanup costs and generally improves project economics, especially for residential (affordable housing) projects where acceptance of a risk-based approach might mean the difference between a feasible and an infeasible project.

7. **Leverage the Funding** – Projects in distressed areas tend to have greater gaps and layering of multiple funding sources is critical. Note that several of the success stories cited in this report had more than ten financing sources.

8. **Join Forces with your State** – A recent NEMW report cited data that state funds exceed local and federal funds in providing public sector brownfields investments. Buy-in from state officials – both on the regulatory side and the incentive side – can make the difference between feasibility and infeasibility.

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14 Northeast-Midwest Institute, 2008
9. **Partner with Key Federal Agencies** – Look beyond the obvious – there is a long list of potential sources of assistance in [Appendix 1](#). For example, can your project benefit from a low cost cleanup loan from the Clean Water State Revolving Loan Fund?

10. **Nothing Succeeds Like Success** – A group that has a track record of success can point to projects that help line up support for the next project. If your community is one that is visually blighted and subject to disinvestment, you will have to work harder to gain confidence and support for your projects. Being able to point to success, even if isolated, gives the decision-makers a comfort level with further assistance.
BIBLIOGRAPHY

The Association of State and Territorial Solid Waste Management Officials’ Toolbox for Cleanup and Redevelopment of Contaminated Sites in Small Cities and Rural Communities, 2007


Leigh, Nancy Green and Sarah L. Coffin, “Modeling the Brownfield Relationship to Property Values and Community Revitalization,” Georgia Tech City and Regional Planning Program, 2003


Northeast-Midwest Institute and National Association of Local Government Environmental Professionals, Unlocking Brownfields, Keys to Community Revitalization, 2004

Northeast-Midwest Institute, Mothballed Sites and Local Government Acquisition, 2008

U.S. Environmental Protection Agency, “Anatomy of a Brownfields Redevelopment;”

### APPENDIX 1. SUMMARY OF FEDERAL PROGRAMS FOR BROWNFIELDS REDEVELOPMENT IN DISADVANTAGED COMMUNITIES

<table>
<thead>
<tr>
<th>Agency/Program</th>
<th>Activities/Brownfields-related Use of Funds</th>
<th>Targeting to Disadvantaged Communities</th>
<th>Websites</th>
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<tr>
<td><strong>Commerce, Department of Economic Development Administration</strong></td>
<td><strong>Economic Development Administration (EDA):</strong>&lt;br&gt; o Funds public works, infrastructure improvements, and public buildings designed to leverage job growth, especially in the industrial and technology sectors.&lt;br&gt; o Capitalizes revolving loan funds for state and local implementation of strategies to attract private sector investment — targeted to local governments, states and regional development organizations&lt;br&gt; o Provides planning grants to economically distressed states and regions — targeted to state, regional, local and tribal governments&lt;br&gt; o Funds infrastructure modernization at closed military bases — targeted to local governments, development organizations and reuse authorities</td>
<td>Project must meet one or more economic distress criteria set forth in 13 CFR 301.3(a). Criteria weigh unemployment rate, loss of jobs, and other indicators of economic distress.</td>
<td>EDA Programs: <a href="http://www.eda.gov">http://www.eda.gov</a></td>
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15 Outlined here are the primary federal programs that offer financial assistance for brownfields redevelopment in disadvantaged communities. Programs are described only in summary form. This list does not include sources for technical assistance or programs that are primarily for other non-redevelopment purposes. For a complete list and description of federal brownfields-related programs, see: Guide to Federal Brownfields Programs, 2005.

**Sources:** To develop this table, NEMW used the 2005 Guide as a starting point, then updated and clarified information by checking agency websites.
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</table>
| **Defense, Department of – Army Corps of Engineers**\(^{16}\) | US Army Corps of Engineers (USACE) - The Corps supports brownfield redevelopment efforts through its specific, Congressionally authorized water-resource related projects or by way of reimbursable engineering activities. The Corps offers expertise and assistance in flood control, dredging, environmental restoration, aquatic ecosystem restoration, collaborating with other federal agencies. | | Agency Site  
[http://www.usace.army.mil](http://www.usace.army.mil)  
Environmental programs  
NEMW guide for using USACE for brownfields redevelopment:  
[http://www.nemw.org/CorpsBFredev.pdf](http://www.nemw.org/CorpsBFredev.pdf) |
| **Environmental Protection Agency – Brownfields Program** | **Site Assessment Program** – Grants up to $200,000 for environmental site assessments. Funds may be used on public and privately owned sites. Applications may be for community-wide or site-specific funding. Higher funding amounts are available for:  
  - Coalitions of eligible entities may apply together under one recipient for up to $1,000,000;  
  - An applicant may apply for community-wide assessments for both petroleum and hazardous substance assessments, totaling $400,000.  
  - Site-specific grants can be up to $350,000.  
**Cleanup Revolving Loan Fund** – up to $1 million for capitalization of a cleanup revolving loan fund. Loans may be made to private entities that are not responsible persons. 40% of funds may be used as a sub-grant for sites owned by public and non-profit entities other than the grant recipient.  
**Cleanup Grants** – Grants up to $200,000 per site for site remediation. Limited to sites owned by public, quasi-public entities, and non-profits that are not responsible persons.  
**Job Training Grants** – Grants up to $200,000 to train people for jobs in the environmental field, including cleaning up brownfields | Ranking criteria for “community need” | EPA Brownfields topics:  
[http://epa.gov/brownfields/index.htm](http://epa.gov/brownfields/index.htm)  
EPA Brownfields funding:  
[http://www.epa.gov/swerosps/bf/applicat.htm#pg](http://www.epa.gov/swerosps/bf/applicat.htm#pg) |

\(^{16}\) Sources also included NEMW guide for using USACE for brownfields redevelopment: [http://www.nemw.org/CorpsBFredev.pdf](http://www.nemw.org/CorpsBFredev.pdf)
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Environmental Protection Agency – Clean Water State Revolving Funds</strong></td>
<td><strong>Clean Water State Revolving Funds (CWSRF) Funds</strong> - can be used by states for loans of up to 20 years to finance activities that include brownfields mitigation to correct or prevent water quality problems, and which have a revenue stream to provide for loan repayment. There is no limit on the amount of funding that a project can access.</td>
<td></td>
<td>CWSRF: <a href="http://www.epa.gov/owmitnet/cwfinance/cwsrf/">http://www.epa.gov/owmitnet/cwfinance/cwsrf/</a></td>
</tr>
<tr>
<td><strong>Federal Housing Finance Board</strong></td>
<td><strong>Affordable Housing Program (AHP)</strong> – subsidizes the cost of owner-occupied housing for low and moderate-income individuals and families. The subsidy may be in the form of a grant or a below-cost or subsidized interest rate on an advance. AHP funds are primarily available through a competitive application program at each of the FHLBanks.</td>
<td>Families/individuals at or below 80 percent of the area median income, and rental housing in which at least 20 percent of the units are reserved for households with incomes at or below 50 percent of AMI.</td>
<td>Agency Website: <a href="http://www.fhfb.gov">http://www.fhfb.gov</a> AHP: <a href="http://www.fhfb.gov/Default.aspx?Page=47">http://www.fhfb.gov/Default.aspx?Page=47</a></td>
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<td><strong>Community Investment Program (CIP)</strong> - Provides funding in the form of advances to members institutions with a discounted interest rate. An advance under the CIP is offered to a member at the FHLBank’s cost of funds plus reasonable administrative costs. Members use CIP advances to fund the purchase, construction, rehabilitation, refinancing or predevelopment financing of owner-occupied and rental housing for low-moderate income households.</td>
<td>Households with incomes at or below 115% or the area median income.</td>
<td>CIP: <a href="http://www.fhfb.gov/Default.aspx?Page=47">http://www.fhfb.gov/Default.aspx?Page=47</a></td>
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<td><strong>Community Investment Cash Advances (CICA)</strong> - programs offer funding, often at below-market interest rates and for long terms, for members to use to provide financing for projects that are targeted to certain economic development activities. These include commercial, industrial, manufacturing and social services projects, infrastructure, and public facilities and services. CICA lending is targeted to specific beneficiaries, including small o Rural Development Funding (RDF): Targeted beneficiaries with incomes at or below 115% of the area median income;</td>
<td></td>
<td>CICA: <a href="http://www.fhfb.gov/Default.aspx?Page=48&amp;Top=3">http://www.fhfb.gov/Default.aspx?Page=48&amp;Top=3</a></td>
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| **Health and Human Services – National Institute of Environmental Health Science** | businesses and certain geographic areas. | ○ Urban Development Funding (UDF): targeted beneficiaries with incomes at or below 100% of the area median income. | **WETP:** [http://www.niehs.nih.gov/wetp/](http://www.niehs.nih.gov/wetp/)
| **NIEHS Worker Education and Training Program (WETP)** | These training grants provide model occupational safety and health training for workers and their supervisors who perform dangerous jobs in hazardous waste management and remediation programs. | | **HWWTP:** [http://www.niehs.nih.gov/wetp/program/hazwaste.htm](http://www.niehs.nih.gov/wetp/program/hazwaste.htm)
| **Hazardous Waste Worker Training Program (HWWTP)** | The NIEHS WETP has established an effective national framework to develop and provide comprehensive training that is needed to address Superfund cleanups, chemical emergency responses, RCRA corrective actions and environmental restoration. | | **MWTP:** [http://www.niehs.nih.gov/careers/hazmat/programs/bmwt/index.cfm](http://www.niehs.nih.gov/careers/hazmat/programs/bmwt/index.cfm)
| **Minority Worker Training Program (MWTP)** | This program focuses on delivering training to disadvantaged young adults in order to prepare them for employment in the areas of environmental cleanup and construction. The MWTP works with academic institutions, with a particular focus on HBCU, as well as public schools and community-based organizations located in or nearby impacted areas. | (Goal of program is to increase the number of underrepresented minorities in the construction and environmental remediation industries.) | **Community Economic Development:** [http://www.acf.hhs.gov/programs/ocss/ced/fact_sheet.html](http://www.acf.hhs.gov/programs/ocss/ced/fact_sheet.html)
<p>| <strong>Community Economic Development (CED) Program -</strong> provides funds to create employment and business development opportunities for low-income residents. Eligible applicants include: private, nonprofit organizations that are community development corporations (CDC) including faith-based, charitable and Tribal and Alaskan Natives organizations. | Beneficiaries are low-income individuals that may be unemployed or receiving public assistance, at-risk youth, persons with disabilities, persons who are homeless, and | |</p>
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<td><strong>Housing and Urban Development</strong>&lt;sup&gt;17&lt;/sup&gt;</td>
<td>Community Development Block Grant Program (CDBG) - CDBG funded activity must meet one of the program’s three objectives: 1) principally benefit low- and moderate-income persons; 2) prevent or eliminate slums or blight; or 3) meet other urgent community development needs. Funds may be used for economic development activities, including brownfields redevelopment, that have the potential to stimulate job and business opportunities in low-income and blighted communities. HUD funding can be used for cleanup of all types of contaminants as well as necessary redevelopment activities like demolition.</td>
<td>Individuals transitioning from incarceration.</td>
<td>CDBG: <a href="http://www.hud.gov/offices/cpd/communitydevelopment/programs/">http://www.hud.gov/offices/cpd/communitydevelopment/programs/</a>&lt;br&gt;see also: HOME Program: <a href="http://www.hud.gov/offices/cpd/affordablehousing/programs/home/">http://www.hud.gov/offices/cpd/affordablehousing/programs/home/</a></td>
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<td>Brownfields Economic Development Initiative (BEDI) – grants are intended to spur the return of brownfields to productive economic use through financial assistance to public entities in the redevelopment of brownfields, and enhance the security or improve the viability of a project financed with Section 108-guaranteed loan authority. Therefore BEDI grants must be used in conjunction with a new Section 108-guaranteed loan commitment.</td>
<td>Funding formula measures community needs, including the extent of poverty and housing overcrowding. 70% of the CDBG funds must be used for activities that benefit low- and moderate-income persons.</td>
<td>BEDI projects must increase economic opportunity for persons of low- and moderate-income or stimulate and retain businesses and jobs that lead to economic revitalization.</td>
<td>BEDI: <a href="http://www.hud.gov/offices/cpd/economicdevelopment/programs/bedi/">http://www.hud.gov/offices/cpd/economicdevelopment/programs/bedi/</a></td>
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<td><strong>Section 108 Loan Guarantee Program</strong> - Section 108 provides federally guaranteed loans for large-scale economic development, housing, and public infrastructure projects. Small cities must work through their states. CDBG recipients must provide security for the loan, including a pledge a portion of their current and future CDBG grants.</td>
<td>Projects must meet one of three objectives: 1) principally benefit low- and moderate-income persons; 2) prevent or eliminate slums or blight; or 3) meet other urgent community development needs.</td>
<td>HUD 108 Loans: <a href="http://www.hud.gov/offices/cpd/communitydevelopment/programs/108/">http://www.hud.gov/offices/cpd/communitydevelopment/programs/108/</a></td>
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<td><strong>Neighborhood Stabilization Program</strong> – HUD’s new</td>
<td>Program funding</td>
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<td>Neighborhood Stabilization</td>
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<sup>17</sup> Source: [Guide to Federal Brownfields Programs](http://www.hud.gov/offices/cpd/communitydevelopment/programs/), 2005 and Agency website
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<td>Neighborhod Stabilization Program</td>
<td>Provides emergency assistance to state and local governments to acquire and redevelop foreclosed properties that might otherwise become sources of abandonment and blight within their communities. The Neighborhood Stabilization Program (NSP) provides grants to every state and certain local communities to purchase foreclosed or abandoned homes and to rehabilitate, resell, or redevelop these homes in order to stabilize neighborhoods and stem the decline of house values of neighboring homes.</td>
<td>Includes consideration of the number and percentage of home foreclosures, homes financed by a subprime mortgages, and homes in default or delinquency.</td>
<td>Program: <a href="http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg">http://www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg</a></td>
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| Renewal Community/Empowerment Zone/Enterprise Community (RC/EZ/EC) | Initiatives offer tax incentives and flexible funding. These efforts bring communities together through a strategic planning process to attract the investment necessary for sustainable economic and sustainable community development. Incentives for businesses to locate in and invest in EZ zones include:  
  - Wage credits for hiring EZ residents;  
  - Deduction of equipment purchases;  
  - Partial gross income exclusion from capital gains;  
| Small Business Administration | Offers loan guarantees to support small businesses — targeted to small businesses through lending institutions and certified development corporations.  
Assists in developing management and marketing skills — targeted to small businesses. SBA policy states that the agency is not to participate in a project until cleanup and liability relief have been achieved. |  | Agency website: [www.sba.gov](http://www.sba.gov)  
7(a) and 504 loan guarantees: [http://www.sba.gov/services/financialassistance/index.html](http://www.sba.gov/services/financialassistance/index.html) |
<p>| Transportation, Department of | Transportation Enhancements (TE) - TE activities offer communities funding opportunities to expand transportation choices such as: bicycle and pedestrian facilities; landscaping and scenic beautification; and other investments that enhance |  | TE: <a href="http://www.fhwa.dot.gov/environment/te/index.htm">http://www.fhwa.dot.gov/environment/te/index.htm</a> |</p>
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<td>communities and expand transportation choices. Communities may also use TE funds to contribute toward the revitalization of local and regional economies by restoring historic buildings; renovating streetscapes; or providing transportation museums and visitors centers.</td>
<td>See also:</td>
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Federal Brownfields-related Tax Incentives for Disadvantaged Communities

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| Brownfields Tax Expensing Program | **Brownfields Tax Incentive** - Section 198(a) of the Internal Revenue Code provides the following benefits to taxpaying entities conducting environmental cleanup at brownfields sites:  
  o Allows environmental cleanup costs at eligible properties to be fully deductible in the year incurred, rather than capitalized and spread over a period of years.  
  o Improvements in 2006 expanded the types of properties eligible for the incentive to include those with petroleum contamination.  
  o Previously filed tax returns can be amended to include deductions for past cleanup. | Brownfields Tax Expensing Program: [http://www.epa.gov/swerosps/bf/bftaxinc.htm](http://www.epa.gov/swerosps/bf/bftaxinc.htm) | |
| Historic Preservation Tax Incentives | **Historic Preservation Tax Incentives** - reward private investment through rehabilitating historic properties such as offices, retail stores, warehouses, factories and rental housing. The current tax incentives offered by this program are two different tax credits, which directly reduce the amount of tax owed by a property owner. These two tax credits are mutually exclusive and their use depends on the type of building.  
  o A 20 percent tax credit for the certified rehabilitation of certified historic structures.  
  o A 10 percent tax credit for the rehabilitation of non-historic, non-residential buildings built before 1936. | National Park Service Historic Preservation Tax Credit: [http://www.nps.gov/history/hps/tps/tax/](http://www.nps.gov/history/hps/tps/tax/)  
| Low Income Housing Tax Credits | **Low Income Housing Tax Credits** – provide dollar-for-dollar tax credit to investors who provide equity or capital to qualifying projects that produce low income housing. Credits are allocated to the states based on a formula. For projects without federal financing, the tax credit’s value is approximately nine percent of the development cost, excluding land. The credit can be taken by the developer or syndicated to other entities with tax liability and the tax credit is available for units rented to low-income occupants. At least 20% of occupants must have incomes below 50% of median income, | HUD Guide: [http://www.huduser.org/datasets/lihtc.html#about](http://www.huduser.org/datasets/lihtc.html#about)  
National Low Income Housing Coalition: [http://www.nlihc.org/template/index](http://www.nlihc.org/template/index) | |

18. For a complete list and description of federal brownfields-related programs, see: [Guide to Federal Brownfields Programs](http://www.epa.gov/swerosps/bf/bftaxinc.htm), 2005. To develop this table, NEMW used the 2005 Guide as a starting point, then updated and clarified information by checking the agency website.
converted into equity or capital for the developer. Projects may involve remediation of land and/or buildings.

| **New Markets Tax Credits**<sup>19</sup> | **New Markets Tax Credits (NMTC)** - provides private-sector investors (e.g., banks, insurance companies, corporations or individuals) with federal income tax credits, in return for new investments in eligible businesses in low-income communities, including brownfields projects. Tax credits are allocated by the Community Development Financing Institutions Fund (CDFI) for distribution by intermediary entities - Community Development Entities (CDEs). CDEs can include organizations such as community development corporations (CDCs), community development financial institutions, community development venture capital funds, small business development corporations, community loan funds, specialized small business investment companies and others. The credit provides a total of 39 percent of the cost of the project investment and is claimed over a seven-year credit allowance period. Investments must be located in qualifying low income communities, i.e. a census tract where a) The poverty rate for such census tract is at least 20 percent; or b) The Median Family Income does not exceed 80 percent of area median income. | CDFI: [http://www.cdfifund.gov](http://www.cdfifund.gov) Using NMTC on brownfields sites: [http://www.epa.gov/brownfields/pubs/nmtxcr_0605.pdf](http://www.epa.gov/brownfields/pubs/nmtxcr_0605.pdf) | or at least 40% of occupants with incomes of 60 percent or less than the area median income. cfrm |

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<sup>19</sup> Sources also included the EPA guide to using NMTC on brownfields sites: [http://www.epa.gov/brownfields/pubs/nmtxcr_0605.pdf](http://www.epa.gov/brownfields/pubs/nmtxcr_0605.pdf)
APPENDIX 2. DISADVANTAGED BROWNFIELDS COMMUNITIES – LEADERSHIP FORUM

Local Government - Mayors
- Mayor James Perkins, Jr., Selma, Alabama
- Mayor Johnny Dupree, Hattiesburg, Mississippi

Local Government Managers – Other
- Carlos Martinez, Economic Development Department, East Palo Alto, California
- Susan Hamilton, Metro Development Authority, Louisville, Kentucky

Community Development Corporations
- Robin German-Curtis, Greater Houston Redevelopment, Inc., Houston, Texas
- Mary Nelson, Bethel New Life, Chicago, Illinois
- Pete Garcia, Chicanos Por La Causa, Inc., Phoenix, Arizona
- Julia Seward, LISC, Washington, DC
- Ford Weber, Virginia LISC, Richmond, VA

Environmental Justice
- Cecil Corbin-Mark, West Harlem Environmental Action, New York, New York
- Rosa Burenstine, Baltimore Community for Environmental Justice, Baltimore, Maryland

Financial
- Randy Muller, Bank of America, Lawrenceville, Georgia
- Mary Houghton, Shore Bank, Chicago, Illinois
- Joel Freehling, Shore Bank, Chicago, Illinois

Developers
- Irv Williams, Ebony Development, Pittsburgh, Pennsylvania

Environmental Consultants
- Debra Love, DHL Analytical Laboratory, Inc., Birmingham, Alabama
- Miles Ballogg, TBE Group, Clearwater, Florida

NGOS, Others
- Sol Marie Alfonso-Jones, Sustainable Long Island, Bethpage, New York
- Vanessa Williams, National Conference of Black Mayors, East Point, Georgia
- Kelly Novak, National Association of Development Organizations, Washington, DC

Federal
- Joe Bruss, U.S. Environmental Protection Agency, Washington, DC
- Tony Raia, U.S. Environmental Protection Agency, Washington, DC
- Anna Maria Farias, U.S. Department of Housing + Urban Development, Washington, DC
- David Ives, Economic Development Administration, Washington, DC
- Eric Stockton, Appalachian Regional Commission, Washington, DC