

# Brownfield Redevelopment

## In a Nutshell

The U.S. Environmental Protection Agency's website states "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." Costs for environmentally hazardous property cleanup may be expensive and even overbearing for property owners. This Brownfield Redevelopment tool presents residents and communities with the instructions to turn those costly unused properties into vibrant community and economic uses. Brownfield redevelopment involves people within the community, land parcel owners, developers, and the city/municipality. The US EPA, Missouri Department of Natural Resources, and Illinois EPA provide the means for cleaning up the properties.

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## The “How To”

### Acknowledge your Brownfield

Many larger brownfields that exist within central cities were former industrial and manufacturing sites. Facilities on these sites may have shipped raw and manufactured materials by barge. An old paint store, automobile repair service center, gas station, or dry cleaner are examples of potential Brownfields that you may find within a residential neighborhood.

### Environmental Hazards

Neighborhoods may contain troubled and blighted properties that prevent community and economic growth. These now abandoned and vacant properties may contain the presence of hazardous substances, pollutants, or contaminants. These sites may decrease the property values of the surrounding areas, decrease adjacent property improvements, and create an eyesore for the area. Brownfields negatively influence the tax base and can be detrimental to neighborhood growth. In certain cases, neighborhoods and property owners should not leave Brownfields untreated, especially within residential neighborhoods. Chemical and hazardous run-off may enter streams, impacting off-site soil and ground water. The extent of leftover toxic materials will determine how severe the hazards may be.

### Benefits

Communities will benefit from Brownfield redevelopment because it can increase property values, create jobs, and create a safer and healthier space for residents and businesses.

### Steps in the Brownfield Development Process

Residents and business owners can take vital roles in the Brownfield redevelopment process. First, individuals should contact their city managers, public works departments, regional planning commission, or city council, making them aware of the property in question.

Second, the city should conduct due diligence and apply for a Phase I Environmental Site Assessment (ESA) to determine the prior uses, ownership of the property, and possible threatening hazardous substances around the

property. Brownfield assessment applications are available through [Missouri Department of Natural Resources](#) or [Illinois EPA](#). Within St. Louis County, the primary contact for Brownfields assessment and remediation is the [St. Louis Economic Development Partnership](#). Within St. Louis City, the primary contact for Brownfields assessment and remediation is [St. Louis Development Corporation](#). Assessments are done at no cost to the city or property owner. Counties, regional planning commissions, and community organizations are also eligible in Missouri to apply for assessment funds. Community organizations or any type of “grassroots” organizations that apply for brownfield assessments must be “not-for-profit.”

A Phase I ESA should take up to 60 days. This will determine if any environmental cleanup action is required prior to development. Evidence may include the prior use of the property, building materials or production of by-products that have been deemed hazardous to one's health. Prior uses may include freight shipping, chemical factories, gas stations, and other uses. If no evidence of environment hazardous is found, the redeveloping entity may proceed without concern for environmental hazards. If evidence for contaminants is found, a Phase 2 ESA is necessary to determine the extent of environmental hazardous onsite. A Phase 2 ESA is initiated only after environmental hazards are recognized.

A Phase 2 ESA involves a laboratory analysis of on-site soil, water, and building material to confirm the presence of hazardous materials. Testing on neighboring properties may be conducted to determine any surrounding harmful presence. A Phase 2 ESA would test for underground storage tanks if the former use were a gas station. A Phase 2 ESA could outline additional site investigations needed, as well as potential remedial actions and costs that may be required for cleanup.

Next the city, county, planning commission or community organization should make a remedy action plan for the Brownfield. A market analysis should evaluate the local and regional economics and real estate market conditions. A proforma will reveal redevelopment costs. The parties promoting the redevelopment of this Brownfield must include the owner of the land and the city when deciding on a potential use.

## **Public Funds**

The owners of the property must not be the party responsible for the condition of the Brownfield site, in order to receive funds. The Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), also known as “Superfund,” establishes the authority for the EPA’s Brownfields Program. Please view the “Planning & Zoning” Tab for additional requirements on CERCLA.

Various cleanup funds include state voluntary cleanup programs, Brownfield assistant programs, and grant programs. Missouri offers assessments for municipalities and non-profits. Projects that exceed these quantities may be eligible for additional funds. Once finished, the city needs the EPA’s approval to sell or develop the newly cleaned property.

The new use of the property, whether it be commercial or residential, depends upon the level of cleanup the property owner wants to undergo. Residential use may require a greater effort of cleanup than commercial. A restriction of use can be placed on the property if the applicant chooses not to remediate to the levels necessary for residential use.

## **Building the Project**

An economic growth component will help the development of a newly cleaned property for a private investor. Tax abatements, tax credits, tax increment financing (TIF) districts, and other incentives may be available for private/public partnerships of Brownfield redevelopment. Brownfield redevelopment encourages the cleanup

and reuse of previously built upon, hazardous, and vacant property to return it to economically beneficial properties that are environmentally safe.

## Planning & Zoning

A barrier to brownfield redevelopment is the owner's liability. The [Comprehensive Environmental Response, Compensation, and Liability Act](#) (CERCLA), commonly known as Superfund, held owners of contaminated properties liable and requires those parties to pay for the cleanup of the sites. The Superfund states the following are liable:

- A person who had purchased a contaminated site knowing its health risks is liable for cleanup costs
- A former controller of the land is liable if the release of chemicals occurred during their possession of the land
- A transporter of a harmful substance may be liable, as well

The liability issue deterred potential parties from buying brownfields. As a result, the [Small Business Liability Relief and Brownfields Revitalization Act](#) reduced the obligation for interested parties to pay for cleanup costs they did not initiate. This new act limited the liability for new owners of brownfields.

1. The Bona Fide Prospective Purchasers excludes liability of the land if the purchaser has a genuine interest in the land after conducting proper inquiry. The prospective purchaser must prove that all contamination occurred prior to acquisition of ownership, they made all legal disclosures required, and took reasonable steps to stop any continuing release or prevent any future release of contaminants.
2. Contiguous Landowner Defense requires the landowner to show they did not participate in contamination or give consent to release contamination, they are unrelated to the entity that caused the contamination, or took reasonable steps regarding all appropriate inquiries of control of the land.
3. Innocent Landowner Defense Clarified requires the landowner to show they did not cause or consent to the release of contaminants and took all reasonable steps regarding all appropriate inquiry, disclosures, and prevention of releases and maintenance of institutional controls.

## Dollars & Cents

Brownfield redevelopment may be costly for neighborhoods, but it requires attention for the health and benefit of the community and to increase abutting property values. There are grants and tools that cities may utilize to reduce their costs for land acquisition, Phase 1 Environmental, and for development of the property. Job training grants are available to train people about chemical hazards, excavation, and environmental technology.

### Brownfield Grants

[Brownfields assessment grants](#) can aid communities when identifying hazards in the Brownfield and help with community planning for the site. Assessment grants may help with the following:

- Compiling an inventory for potential Brownfield sites
- Identifying previous uses for sites
- Determining hazards and contaminants
- Engaging the community in the planning process

## **Illinois**

The [Illinois Municipal Brownfields Redevelopment Grant Program](#) offers grants to municipalities to investigate and clean up Brownfields. Funds are a 70/30 match and the recipient is only allowed use the grant for environmental site assessments and actual cleanup activities. Illinois Brownfields Redevelopment Loan Program offers low interest loans for limited investigation, remediation, and demolition costs for a maximum of \$500,000.

## **Missouri**

The St. Louis [Brownfields Cleanup Fund](#) provides properties within an empowerment zone located in the City of Saint Louis with grants, low-interest loans, and gap financing. Borrowers must pay 20% of the overall cleanup costs. Non-profits may also apply. Projects must also be enrolled in the Missouri Brownfields/Voluntary Cleanup Program. More information about the Brownfields/Voluntary Cleanup Program can be found under the [Missouri's Department of Natural Resources'](#) Hazardous Waste Program. Even if properties are not heavily contaminated and contaminants are not addressed by DNR mandatory programs, brownfield sites may receive cleanup certification.

## **Tax Increment Financing**

Tax Increment Financing may be utilized to capture the increase in various state and local taxes resulting from a redevelopment project to pay for the costs involved in the project. When using TIF, cities may need to issue bonds for the redevelopment and then pay those bonds back using revenue collected from the TIF. TIF can possible pay for property acquisition, planning costs, site assessments and improvements.

## **Environmental Workforce Development and Job Training**

[Brownfields Job Training](#) funds are available from the EPA to help residents learn the skills needed to qualify for employment in the environmental field. Participants may have a concentration in environmental assessments and cleanup activities. Also, funds are provided to enhance environmental skills in addition to traditional brownfields hazardous waste and petroleum training. Eligible entities to initiate education-training programs include non-profit organizations and schools. The program targets underemployed residents from solid and hazardous waste-impacted communities. Saint Louis Community College receives funding to implement Environmental Workforce Development and Job Training.

## **Measuring Success**

The EPA website shares [accomplishments and benefits from the Brownfields program](#) and [success stories](#).

## **Region 7 Brownfield Projects**

The [EPA Region 7](#) Brownfield Accomplishments Report declares that \$8.68 million in grants was issued to 24 entities in Missouri, Kansas, and Iowa. Projects included redevelopment of locations of historical significance such as the home of Negro league baseball, old warehouses, and hospitals. New uses include a hotel, pedestrian/bike trail, office space, and restaurants. One of the most significant accomplishments in Region 7 may be the [Negro Leagues Education and Research Center](#).

## **St. Louis Brownfield Projects**

City of St. Louis [Brownfield cleanup funds](#) helped the Ville Commission remove underground storage tanks, transforming the land into an orchard. A \$25,000 sub-grant assisted with the removal of an underground storage tank in the Garden District. The Carondelet Coke 40-acre site, once used as a coal gas and coke production facility, took advantage of Missouri's Brownfield Redevelopment Program. Other projects with underground storage tank removal include [Old Post Office Plaza](#), [City Hospital](#), and a [Habitat for Humanity project](#).

## **Discover More**

The EPA document [Anatomy of Brownfields Redevelopment](#) provides the process of Brownfields redevelopment. The document presents:

- Key challenges in Brownfield redevelopment
- Critical participants in transactions and redevelopment efforts
- The real estate development process
- Redevelopment scenarios
- Key terms and resources

## **Federal Government Programs**

Many federal programs utilize Brownfield programs for buildings and land that are no longer in use. For example, the Department of Defense may need to plan for the reuse of a closed military facility. The Department of Energy can evaluate Brownfield sites for renewable energy technologies. The Department of Health and Human Services can build public awareness for health hazardous. There are many other federal programs that have Brownfield connections.

The State of New York published a [Brownfield Redevelopment Toolkit](#) to assist communities in redeveloping Brownfields.

## **Case Studies**

### **Georgian Condominiums**

#### **Address**

1515 Lafayette Avenue - St. Louis, MO

#### **Description**

For more information about this project, click [here](#).

**Cost \$68 million**