Brownfield Redevelopment

In a Nutshell

EPA 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 item will present residents and communities the instructions to turn those costly unused properties into vibrant community and economic use. Brownfield redevelopment involves people within the community, land parcel owner, developers, and the city/municipality. The EPA and Department of Natural Resources provide the means for properties cleanups.

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, and dry cleaners are examples of potential Brownfields that you may find within a residential neighborhood. The Environmental Protection Agency, EPA, definition of brownfield means the real property, expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.

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 eye sore 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 the 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 by encouraging higher property values, could create jobs, as well as creating a safer and healthier space for residents and businesses. Please view Brownfield Metrics tab for more on Brownfield redevelopment benefits.

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, 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 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. Assessments are 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 “grass roots” organizations that apply for brownfield assessments must be “non-for-profit.”

A Phase I Environmental Site Assessment should take up to 60 days. Ultimately, a Phase I Environmental Site Assessment 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 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 Environmental Site Assessment is necessary to determine the extent of environmental hazardous onsite. A Phase 2 Environmental is initiated only after environmental hazards are recognized.

Phase 2 Environmental Site Assessment will conduct a laboratory analysis 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. 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, the city, and try to decide on 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-for-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 them to economic producing 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 clean up 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 clean up 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 of clean up 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 contaminates.
2. Contiguous Landowner Defense requires 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 that 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. Brownfields 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

Brownfield assessment grants can aid communities when identifying hazards on the brownfield and to help with community planning for the site. Eligible entities may receive up to $200,000. Assessment grants may help with the following:

- Compiling an inventory for potential brownfield sites
- Identify previous uses for sites
- Determine hazards and contaminants
- Engage the community in the planning process

Illinois

Illinois Municipal Brownfields Redevelopment Grant Program offers up to $240,000 in grants to each municipality 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. The Southwestern Illinois Development Authority assists with brownfields.

Missouri

Saint Louis Brownfields Cleanup Fund provides properties within an empowerment zone located in the City of Saint Louis 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. Brownfields/Voluntary Cleanup Program can be found under the Missouri’s Department of Natural Resources’ Hazardous Waste Program. Although, the 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

Environmental Workforce Development and Job Training funds help residents learn the skills needed to qualify for employment in the environmental field. Participants may have a concentration on 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 nonprofit organizations and schools. The program targets underemployment residents from solid and hazardous waste-impacted communities. Saint Louis Community College receives Environmental Workforce Development and Job Training.

Measuring Success
The EPA document [The EPA Brownfields Programs Produces Widespread Environmental and Economic Benefits](#) provides the current benefits brought about by brownfield redevelopment. A list of the specific locations of success stories is also available online at the EPA page [Brownfields Success Story Locations](#).

## Regional Brownfield Projects

[Region 7 Brownfield](#) Accomplishments Reports issuing $8.68 million in grants to 24 entities in Missouri, Kansas, and Iowa. Projects included redevelopments of historical significances 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 of Region 7 may be the Negro Leagues Education and Research Center.

### Saint Louis

City of Saint Louis [Brownfield cleanup funds](#) helped the Ville Commission remove underground storage tanks, transforming this land into an orchard. A $25,000 sub-grant took assisted with the removal of an underground storage tank in the Garden District. The Brownfield Cleanup Fund provided funds. The Carondelet Coke 40 acre site was used as a coal gas and coke production facility. Carondelet Coke 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. View the picture slide shows as well.

## Discover More

The EPA document, [Anatomy of Brownfield Redevelopment](#) provides a process to brownfield redevelopment. Anatomy of Brownfield Redevelopment 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 lands that are no longer in use. 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.

New York published a [Brownfield Redevelopment Tookkit](#) guide to assist brownfield concerns in New York.

## Case Studies

### Georgian Condominiums
Address
1515 Lafayette Avenue - St. Louis, MO

Description

St. Louis City Hospital
Region 7 Brownfields Accomplishments Report

Cost $68 million