

Timing is Everything - Evolution of the Brownfields Market

Presented by:

Jill Gaito, Director, Brownfields Action Team
Commonwealth of Pennsylvania



> ready

> set

> revitalize

What's a Brownfield?



National Definition (HR 2869)

The term "Brownfield Site" means real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant or contaminant.

"A real estate transaction with environmental personality".



> ready

> set

> revitalize

Corner Gas Stations



> ready

> set

> revitalize

Strip Mall and Dry Cleaner Sites



> ready

> set

> revitalize

Mine Scarred Lands



pennsylvania
STATE OF INNOVATION



> ready

> set

> revitalize

10 Years Ago...

Redevelopment impaired...

- 🌱 Fear of regulatory enforcement actions
- 🌱 Lack of a definitive end point for cleanup
- 🌱 Potential for eternal environment liability
- 🌱 Lack of financial incentives to offset cleanup



> ready

> set

> revitalize

As a Result..

Brownfield properties abandoned or mothballed

- ❧ Lost jobs, tax revenue and decrease property values
- ❧ Increased urban blight
- ❧ Unchecked environmental impacts

Movement towards greenfield development

- ❧ Creation of urban/suburban sprawl
- ❧ Increased demands on and costs for infrastructure
- ❧ Loss of irreplaceable green space



> ready

> set

> revitalize

The Brownfields Approach

- 🌱 Regulatory Law and Culture Changes
- 🌱 Practical and Predictable Cleanup Options
- 🌱 Availability of Liability Protections
- 🌱 Introduction of Financial Incentives



> ready

> set

> revitalize

Regulatory & Culture Change

Superfund-type Approach

-  Enforcement Actions
-  Investigation for the sake of litigation support
-  No incentives for timely resolution

Federal and State Brownfield Laws

-  Voluntary Cleanup Programs
-  Investigate to define risks and prepare cleanup plan
-  Relief of Liabilities upon remediation



> ready

> set

> revitalize

Practical Clean Up Strategies

Superfund cleanup approach:

-  We'll tell you when you're done
-  Cleanup first, figure out end use later

Brownfields Cleanups:

-  Based on Intended End Use of Property
-  Risk-based, published Standards
-  Engineering Controls – ie, the parking lot
-  Institutional Controls – ie, deed restrictions



> ready

> set

> revitalize

Liability Protections

- 🌿 State Agency Release of Liability
- 🌿 Federal Release of Liability – MOA with EPA
- 🌿 Upfront Liability Protection for Buyers
 - 🌿 PA's EDA, Fiduciary & Lender Liability Law
 - 🌿 Buyer-Seller Agreements
- 🌿 Long-term Risk Management Products



> ready

> set

> revitalize

Help on the Bottom Line

-  Federal and State Grant & Loan Programs
-  Remediation Cost Reimbursement Programs
-  Special Economic Stimulus Packages
-  State & Federal Tax Incentive Programs
-  Increased Private Financing



> ready

> set

> revitalize

PA's Commitment to BFs

“ Redevelop first -- Support revitalization of Pennsylvania's many cities and towns and give funding preference to reuse and redevelopment of “brownfields” and previously developed sites in urban, suburban, and rural communities.”



> ready

> set

> revitalize



Brownfield Action Team

- 🌱 “Top of the Pile” Permitting
- 🌱 Negotiated Buyer-Seller Agreements
- 🌱 Active Marketing Efforts
- 🌱 Public/Private Partnerships



> ready

> set

> revitalize



BAT: BF Bundling

 14 Properties

 Bundle to increase investment threshold

 State incentives

Moving Pennsylvania Forward

Pennsylvania's Priority Brownfields Sites

before

after

Photos courtesy of the Economic Development Company of Lancaster County

 **pennsylvania**
STATE OF INNOVATION
Edward G. Rendell, Governor

> ready > set > revitalize

The graphic illustrates the transformation of brownfield sites. It features a blue header with the text "Moving Pennsylvania Forward" and a row of white trash can icons. Below this, a map shows a "before" state of a brownfield site, which is then transformed into a vibrant, developed area labeled "after". The "after" image shows a large stadium with a green field, surrounded by modern buildings and parking lots. The text "Pennsylvania's Priority Brownfields Sites" is written in green. At the bottom, the Pennsylvania state logo is displayed, along with the text "pennsylvania STATE OF INNOVATION Edward G. Rendell, Governor". A progress bar at the bottom consists of three colored segments: red with "> ready", blue with "> set", and green with "> revitalize".



PA BFs 2006

 Risk Management

 Property Marketing

 Private Investment

 Transaction Forum

SAVE THE DATE!
Pennsylvania Brownfields 2006

September 21 & 22, 2006
Harrisburg Hilton and Towers
Harrisburg, PA



The reviews are in—attendees of *Pennsylvania Brownfields 2006* have declared the event an overwhelming success and the program unlike any other brownfields conference they've ever attended! Close to 200 packed the conference to learn how to *get the deal done*. Now, we've learned that properties which were marketed at the Transaction Forum have developers "licking the tires" and considering investments.

Work has already begun to make *Pennsylvania Brownfields 2006* bigger and even better! In 2006 we will expand the number of speakers and topics, deconstruct a case study and get more properties to market in the Transaction Forum.

Mark your calendars now! Don't miss the opportunity to hear from those who are successfully redeveloping brownfields — to get the tools to do your project — to market your site at the 2006 Transaction Forum — and to meet Commonwealth officials, private investors and developers, risk management professionals and other key players in the Pennsylvania brownfields market. There is no better opportunity to get your project from drawing board to done than *Pennsylvania Brownfields 2006*.

Brownfields Redevelopment - making profits and making revitalization a reality in communities across Pennsylvania!

Sponsored by:    Facilitated by:  For more information contact:
Conference Manager
(717) 763-0930
klougee@psats.org



> ready

> set

> revitalize



Public/Private Partnership Development

 Pa Dept of Banking



 The Federal Reserve Bank

 ICSC **2006 ICSC Spring Convention**

“Brownfields: The Best Kept Secret in Real Estate Investment”



> ready

> set

> revitalize



BAT: EPA Subgrants

- 🌱 Almost \$500K
- 🌱 Key to Project \$\$\$
- 🌱 Limited Funding Options
- 🌱 Secure Private Investment



> ready

> set

> revitalize

New PA Financial Resources

Governor's Economic Stimulus Package

-  Over \$2.3B in loans, grants, and guarantees
-  Programs to leverage funds to generate at least \$5B in private investment

Growing Greener II

-  \$230M for environmental programs
-  \$20M for Brownfields



> ready

> set

> revitalize

PA's Return on Investment

-  > 2100 sites closed under Act 2
-  > 6000 acres remediated
-  > 24,000 acres of green space preserved
-  > 370,000 tons of contaminants treated, removed or managed in place
-  > 75,000 jobs created or retained



> ready

> set

> revitalize

Gamesa Success Story



- 🌿 Locating HQ & Operations in PA
- 🌿 \$40M Investment in PA
- 🌿 1000 new Jobs
- 🌿 Negotiated Commitments w/Utilities
- 🌿 Advanced Energy Portfolio Legislation
- 🌿 Manufacturing facilities on Brownfields
- 🌿 Wind Farms on Abandon Mine Lands



> ready

> set

> revitalize

Thank you

Brownfields Action Team, Land Recycling Program & LGLs

www.depweb.state.pa.us

(Keywords “land recycling” or “brownfields”)

Director, Brownfields Action Team

jgaito@state.pa.us

Director, Land Recycling Program

dahess@state.pa.us

Funding Programs

www.newpa.com



> ready

> set

> revitalize