Timing is Everything - Evolution of the Brownfields Market

Presented by:
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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”.
Corner Gas Stations
Strip Mall and Dry Cleaner Sites
Mine Scarred Lands
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
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
The Brownfields Approach

- Regulatory Law and Culture Changes
- Practical and Predictable Cleanup Options
- Availability of Liability Protections
- Introduction of Financial Incentives
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
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
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
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
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.”
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
PA BF's 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 2005 have declared the event an overwhelming success and the program unlike any other brownfield conference they've ever attended. Close to 300 packed the conference to learn how to get the deal done.
Now, we've learned that properties which were marked at the Transaction Forum have developers, 'kicking the tires' and considering investment.

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

Make your calendar 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's 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.

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> 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“
BAT: EPA Subgrants

- Almost $500K
- Key to Project $$$
- Limited Funding Options
- Secure Private Investment
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
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
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
Thank you

Brownfields Action Team, Land Recycling Program & LGLs
www.depweb.state.pa.us
(Keywords “land recycling” or “brownfields”)

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Funding Programs
www.newpa.com