

TAX INCREMENT FINANCING

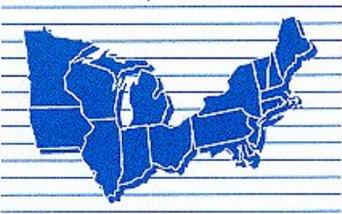
- Uses the anticipated growth in property taxes generated by a development to finance it; most common local financing tool supporting brownfield cleanup and reuse
- Example: Parkway Place Mall/Huntsville, AL

Parkway Place Mall

Huntsville, AL

- \$60 million in-town mall, replacing a largely abandoned “brownfield mall”
- Huntsville and Madison County contributed \$6 million for a parking garage and street improvements
- Special TIF-like taxing district created around the mall, to take advantage of anticipated rise in property values
 - * \$10 million generated will be used to rebuild an adjacent high school
 - *other proceeds will be used recover developer subsidies



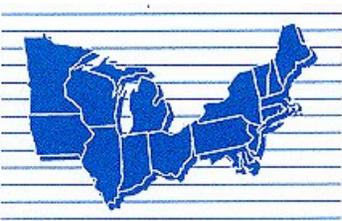


NORTHEAST
MIDWEST
INSTITUTE

Local Initiatives

TAX FORGIVENESS

- Authorizes local governments to forgive back taxes on delinquent properties
- In a brownfield context, these new tax forgiveness programs are:
 - Linked to new owners or prospective purchasers
 - Require agreement to clean up and reuse site
 - Require purchaser to enter state VCP
- Example: Milwaukee, WI/Sherman Perk



NORTHEAST
MIDWEST
INSTITUTE

Sherman Perk -- Milwaukee, WI

Before

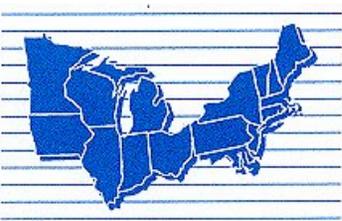


After



Tank Removal



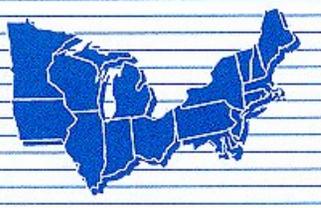


NORTHEAST
MIDWEST
INSTITUTE

Local Initiatives

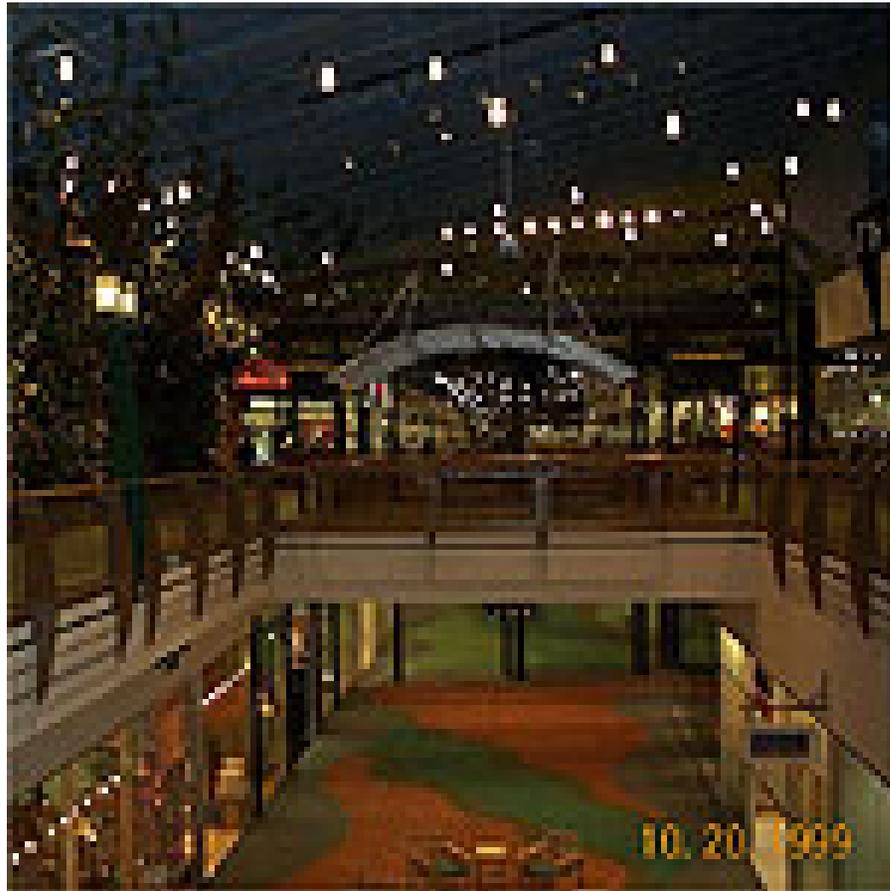
SPECIAL SERVICE AREAS OR TAXING DISTRICTS

- Cities can use a “special service area” designation to raise cash for activities, facilities, or bond servicing needed by the target area.
- Property owners agree to the special levy or fee, based on its use in their area to finance maintenance or improvements.
- Property owners may “self-impose” fees as part of a redevelopment agreement.
- **EXAMPLE:** Elizabeth, NJ/Landfill reclamation for mall development

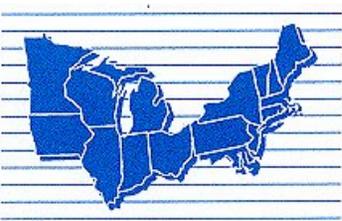


NORTHEAST
MIDWEST
INSTITUTE

Jersey Gardens Metro Mall – Elizabeth, NJ



- 166-acre former garbage dump, across the street from Ikea Center – Elizabeth’s first big brownfield success
- \$320 million investment – 1.5 million square feet of retail space, resulting in 5,200 jobs and \$4.2 million annual tax revenue increase
- G.O. Bonds being paid off through franchise fees levied within a “landfill reclamation district” established for this project, paid by mall tenants as part of their rent



Local Initiatives

LOCALLY CAPITALIZED REVOLVING LOAN FUNDS (RLFs)

- A growing number of cities are establishing RLFs targeted to urban redevelopment and brownfield-related projects; similar to state or federal RLFs.
- They use a wide variety of sources for capitalization – general revenue appropriations, bank contributions, fees or fines, repayments from CDBG or old UDAG projects, etc.
- Example: New Bedford, MA/Waterfront development

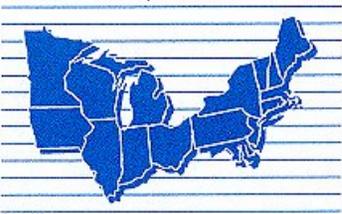


NORTHEAST
MIDWEST
INSTITUTE

Waterfront Development New Bedford, MA

- Local assessment program designed to reduce stigma and eliminate the fear of the unknown
- Uses tax lien as entree to site to perform Phase I assessment paid by local RLF
- Costs recovered upon sale of parcel





PROPERTY TRANSFERS

- Site is transferred to new owner or user for a nominal fee, typically \$1, in exchange for an agreement to clean up and reuse the property
- **EXAMPLE:** Cincinnati, OH/Mills of Carthage

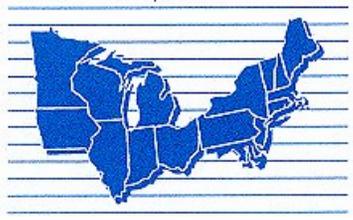
Mills of Carthage – Cincinnati, OH





CLEAN WATER STATE REVOLVING FUND

- EPA provides grants to states to capitalize RLFs for clean water-related projects; states set their own priorities for loan allocation, and EPA allows brownfield remediation (including petroleum contamination) to be included in those priorities
- Example: Cleveland, OH/Grant Realty site



NORTHEAST
MIDWEST
INSTITUTE

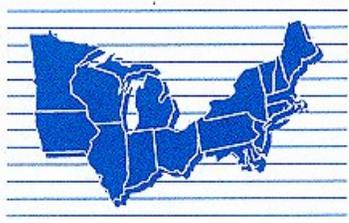
Grant Realty – Cleveland, OH

- Ohio's Clean Water State Revolving Loan Fund provided \$1.6 million at an interest rate of about 4 percent to finance cleanup of a 20-acre industrial site
- The repayment source came from a tank-cleaning operation, with personal loan guarantees and a second position mortgage as additional collateral. With assistance from the Cuyahoga Brownfields Pilot Program, the property owner applied to Ohio's VAP for a covenant-not-to-sue and was issued a 'no further action' letter.



“Out of the Box” Financing

- **Traverse City, MI** – blend of environmental and economic development funding sparks riverfront mixed-use redevelopment
- **Stamford, CT** – riverwalk supported by marina/boat slip fees
- **Huntsville, AL** – in-town mall stimulates increased property values, which will be used to pay for additional community improvements
- **Wyandotte, MI** – golf course and park maintenance supported through green fees
- **Old Town, ME** – small town drives state and federal funding efforts for commercial and recreational use
- **Waukesha, WI** – cleanup, construction, and home ownership funding lead to a new community
- **Conneticut dry cleaners fund** – grants for brownfields



NORTHEAST
MIDWEST
INSTITUTE

New Local Financing Ideas: What's on the Horizon?

- Earmarking water, sewer, and wastewater charges for brownfield cleanup
- Earmarking part of existing economic development program funds for site assessment and cleanup projects/activities
- Developing a municipal “linked deposit” program targeted to brownfield borrowers
- Channeling loan repayments from existing city programs to brownfield projects
- Devoting monies raised from fines or fees to a brownfield financing pool