

Brownfield Redevelopment: Make it Possible!

Practice Guide #10

Spring 2005

Southeast Regional Environmental Finance Center

EPA Region 4

University of Louisville

EFC4@UofL

Susan Opp

Center for Environmental Policy and Management

University of Louisville
Department of Sociology
Louisville, KY 40292

502-852-4749

lauren.heberle@louisville.edu

<http://cepm.louisville.edu>

Table of Contents

Introduction	1
General Tools	2
Piggybacking	3
Community Development Block Grant	4
Development Swap	6
Special Use or Protection Tax Credits	6
Land Assembly	8
Conclusion	10
Appendix A: General Development Programs	11
Appendix B: Useful Publications	11
Footnotes	12
References	13

Introduction

Individuals, businesses, or government entities that are interested in the remediation and redevelopment of a brownfield property will find a number of programs available at the federal, the state, and occasionally the local level to deal with liability issues, technical assistance, and financial support. The scope, quality, and comprehensiveness of specific brownfield programs vary widely across states and localities. However, what many individuals interested in brownfield redevelopment do not realize is that many non-brownfield specific financing mechanisms are available to accomplish a redevelopment project. This practice guide offers some insights into non-brownfield specific financing mechanisms and examples where these have been successfully used.

The Environmental Protection Agency is, by far, the most active governmental agency in providing grants and assistance to brownfields remediation and redevelopment. The EPA offers a number of programs aimed at state and local governments, non-profit organizations, and/or quasi-governmental organizations which are intended to promote and encourage brownfield remediation and redevelopment. In addition to the EPA's programs, many other federal agencies and departments have programs that can be used for brownfield sites. The federal sources include: The Departments of Agriculture, Commerce, Defense, Health and Human Services, Justice, Interior, Labor, Transportation, Treasury, Energy and the FDIC, General Services Administration, Small Business Administration, Federal Housing Board, and HUD¹. (Refer to useful publications in the appendix) Although these federal sources can be a valuable tool for states and localities, they do not always offer enough or the right tools for any one redevelopment project.

At the state and local levels programs vary widely across the United States. The states have received some limited federal funding and have created programs, with or without this federal funding, of their own that offer a wide range of services, financial support, and incentives for brownfield redevelopment. It is not entirely uncommon for a state to provide grants, loans, technical assistance, advice, and information to support private sector redevelopment efforts. However, many individuals live in areas with less comprehensive programs or find that the programs available through a brownfields office are insufficient for their needs.

Regardless of the underlying motive for seeking alternative financing sources, recognizing the availability of non-brownfield specific financing sources can prove very beneficial to a brownfield developer. This practice guide discusses some general development tools, the concept and practice of piggybacking, additional tools that the community development block grant (CDBG) offers to recipient communities, development swaps, special use or protection tax credits, land assembly, and offers some concluding thoughts on innovative financing. Each of these items is intended to offer the reader a cursory but interesting insight into programs or sources that can be used in getting local brownfields redeveloped. Each tool will have varying levels of success depending on the local environment and should be taken as a starting point for devising unique local strategies to deal with brownfields.

General Tools

Brownfield properties are merely real estate deals with some contamination complication. For local officials and developers understanding brownfields in this manner can reveal a number of financing sources and opportunities that have previously been overlooked. For general real estate deals or development projects local, state, and federal governments have a number of tools available that could apply to brownfield properties. Included in these tools are often programs that provide grants and low-to-no interest loans for business location or expansion costs, state or local loan guarantees, tax exempt bonds, access to capital, designated development areas, and other such economic development programs (See Appendix A). Although these general tools may be widely recognized, they are not generally or uniformly connected with brownfield properties. As a result of the lack of a formal connection to brownfields, government officials do not always recognize the valuable tools at hand for redevelopment. Remembering that brownfield redevelopment projects are, first and foremost, real estate deals will work to emphasize this connection. Often government officials lose sight of this fact and concentrate too heavily on the contamination part of brownfields which, in turn, limits the scope of tools available for the redevelopment project. Viewing brownfields through the lens of a real estate deal with some contamination can help provide the necessary perspective for recognizing all tools available for a brownfield project. A good example of a general development tool that is widely utilized in economic development projects but is often overlooked in brownfield projects is Tax Increment Financing (TIF).

TIF is a mechanism that many cities use to finance large scale projects. TIFs are often considered the ‘self-pay’ method of economic development. “Development projects are financed with tax revenues generated by the new development”.² Rather than imposing a new tax, city officials need only earmark the revenues from the project to cover the development costs. It is widely known and accepted that brownfield properties depress the areas in which they are located. By redeveloping the cause of the depression it can be expected that the area will experience an increase in property values—thereby increasing a local government’s tax base. Through this process a local government can be reasonably confident that utilizing TIF will result in a successful project.

Across localities other general development tools exist that can be used to finance brownfield redevelopments. The key to tapping into general development tools is to understand that development tools, unless specifically excluding brownfields, can be used on any property. Although brownfield properties have special issues related to developing them, they are rarely specifically excluded from any other economic development tool a city, state, or the federal government may offer.

In Wisconsin the former Malleable Iron Range Company (MIRC)³ redevelopment project was a brownfield that achieved success in part due to the usage of TIF. This particular site was abandoned and remained vacant for nearly ten years prior to being redeveloped. The Wisconsin Department of Natural Resources inspected the site and discovered over sixty-five thousand gallons of dangerous materials remaining at the site. In 1987 the United States Environmental Protection Agency spent \$369,000 for emergency removal

action. The following year the county acquired the property through tax foreclosure. Additional examination revealed asbestos and contamination from leaking underground storage tanks. After a fire in 1990 the entire building was demolished. Soon after demolition the county began remediation activities. Removal of soil, vacuuming of fuel products, and installation of groundwater wells were necessary in order to complete the remediation.

After the county cleaned this site a local developer negotiated a contract with the county to redevelop the site. This site is now a successful grocery store, video store, small strip mall, and pharmacy. In order to get the redevelopment completed several successful partnerships were formed: the EPA performed emergency removal action; the county committed nearly \$2 million to demolish the building and remove contaminated soils and water; the city through TIF spent nearly \$1 million on infrastructure improvements; the developer coordinated meetings and explored funding sources; the Department of Commerce administered over \$1 million in PECFA (Petroleum Environmental Cleanup Fund for Wisconsin); the Department of Transportation handled negotiations with the 50 neighbors in the area, and several other smaller entities provided consulting services. Although TIF was not the sole reason for the success this project enjoyed, it made a major contribution toward the completion of this project. This redevelopment is a perfect example of both brownfield specific and general development tools at work. A local government that is willing and able to learn how to manipulate the taxing system will have better outcomes than one who does not take the time or energy to do that.

Piggybacking

The term ‘piggybacking’ refers to the process of utilizing non-brownfield specific funds and programs allowing a brownfield project “to use something that someone else has made or done in order to get an advantage”³⁴. More simply stated, piggybacking occurs when a brownfield project is in the position to be lumped with a larger non-brownfield project, thereby enabling developers or city officials to utilize funding that is not brownfield specific. Local and state governments are in the best position to take advantage of piggybacking practices to redevelop their brownfields. With the wide variety of funding sources available to government officials for various projects ranging from road construction to historic preservation, understanding the process of piggybacking can prove beneficial for individuals interested in brownfield redevelopment.

Piggybacking can be a powerful tool when utilized properly. A logical method of pursuing opportunities in piggybacking to remediate and/or redevelop brownfields would be for a city official to contact relevant local and state departments (Department of Highway, Historical Preservation Entity, Economic Development Department, etc) and request a copy of their short and long term plans for projects. Examining these plans can offer insights into areas where a brownfield may be piggybacked onto a different project. Once brownfields are recognized as being located near or in a proposed project area, city officials need to work with the outside department to properly and efficiently deal with that brownfield. Piggybacking requires a forward thinking and ambitious city official

who has the capacity and desire to seek out the opportunity to utilize this process. Piggybacking will not appear without some work on the part of city officials to determine where this process can be best utilized. Although piggybacking may not always work as easily as the following case example, it does offer a unique alternative financing mechanism for brownfield remediation and redevelopment.

Lawrence, Massachusetts, is one of the poorest cities in the Northeast. This particular city sits along the banks of the Merrimack River and once was a booming industrial center. The Lawrence Gateway project was created from a coordinated effort between the city, businesses, community groups, the EPA, and other public agencies in an attempt to revitalize a downtown area that has been both economically and environmentally ravaged. The land in the project area is owned by the city, the Massachusetts Department of Highway, and the Lawrence General Hospital. This project involves transportation improvements and environmental remediation. Three major transportation improvements have been undertaken. These projects are funded by the Massachusetts Department of Highway and the US Department of Transportation. Within the gateway project area three environmental problems exist: Incinerator/Landfill site, Oxford Paper Mill site, and the GenCorp site. The cleanup of both the Incinerator/Landfill site and the Oxford Paper Mill site were funded through public sources. The GenCorp site was voluntarily cleaned by the responsible party.

A piggybacking process was specifically used in the Oxford Paper Mill site. With the massive transportation improvements and additions occurring in this project area, the City of Lawrence was able to *piggyback* the Oxford Paper Mill site onto the project, enabling the site to be cleaned and redeveloped using some of the Massachusetts Department of Highway funds. Although other sources of funding were used in this particular cleanup, the use of piggybacking enabled the city to complete this cleanup with minimal funding from the general fund of the city.

Community Development Block Grant

The Community Development Block Grant (CDBG) is a HUD sponsored program that awards grants directly to metropolitan cities and urban counties and indirectly to smaller communities through the state for the purposes of revitalizing distressed communities. This program is usually one of the first programs that local governments turn to in the redevelopment process. Any activity undertaken using CDBG funds must meet one of three objectives: benefit low and moderate income individuals, prevent or eliminate slums or blight, and/or address conditions that present a serious and immediate threat to the health and safety of the community.⁵ Brownfields are eligible uses for CDBG funds. Within the CDBG program a number of small programs exist. Included in these programs are Section 108 loans (and BEDI, Brownfield Economic Development Grants) and Float Loans. Both Section 108 and the CDBG Float are underutilized and less well known mechanisms for brownfield remediation and redevelopment.

Section 108 of the CDBG program is increasingly becoming a more mainstream tool for brownfield redevelopment projects since the Brownfield Economic Development

Initiative Grant (BEDI) can only be used in conjunction with the Section 108 Loans. Since its creation in 1978, over 1200 projects have been completed using this portion of the CDBG.⁶ Under this portion of the CDBG program eligible applicants can "... transform a small portion of their CDBG funds into federally guaranteed loans large enough to pursue physical and economic revitalization projects that can renew entire neighborhoods"⁷ Projects that are being financed through the Section 108 loans are also eligible for funding through the BEDI program. The BEDI program provides up to \$2 million for redevelopment costs⁸ to enhance the security of the loans made under Section 108. The specifics of these programs, including limits to Section 108 borrowing, vary by state. Although most local governments are becoming increasingly aware of this powerful tool, it is worth including in this guide for those localities that are unaware of this program.

While the Section 108 program is becoming more widespread, the CDBG Float is still widely unknown in the brownfield redevelopment process. Under section 570.301 part b of the CDBG regulations "...a recipient may use undisbursed funds in the line of credit and its CDBG program account that are budgeted in statements or action plans for one or more activities that do not need the funds immediately..."⁹ Simply stated, a community may tap unused funds on an interim basis to provide short-term, low interest loans to finance other projects in the area. These so-called *float loans* cannot be extended for more than two and a half years. Using a float loan for a small brownfield project could help complete or get a project started that might have gone untouched or unfinished without this particular resource. Some communities have started utilizing the float loan for brownfield projects; however, it is still widely underutilized and unrecognized as a mechanism by which brownfield properties can benefit. "Float loans can finance site and structural rehabilitation, including cleanup. Community groups such as the Greater Southwest Development Corporation in Chicago have used CDBG floats to generate the \$25,000 to \$50,000 needed to investigate and clean up small sites in key neighborhood areas. The floats generally are repaid from project development proceeds".¹⁰ The CDBG Float Loan will only work in communities that already receive the CDBG from HUD; however, recognizing the existence and availability of this program can provide an alternative source of funding for brownfield remediation and/or redevelopment projects.

The CDBG program as a whole is a powerful tool for state and local governments that encompasses a number of specific, smaller programs within its regulations. However, many recipients are unaware of some of these small programs available to them under the regulations. Although not everyone will be eligible for the Section 108 loans or CDBG Floats, it is useful to be aware of their presence in order to maximize the options available in redeveloping brownfields. Important to note about CDBG: At the time of the publishing of this paper there are some concerns that the CDBG program will be underfunded or discontinued in the future. However, this program still exists and is still beneficial to brownfield developers.

Development Swap

A development swap program or process is not a well defined mechanism, but is a collection of options that sometimes go under noticed by city officials. Under a development swap *program*, a developer would receive lesser taxes or special development considerations in exchange for performing some service or favor for the city or state. For example, in Colorado a program has been implemented that allows individuals to take a sizable (at least 10%) discount on their state income taxes in exchange for donating land for open space.¹¹ This same idea can be used to get brownfields redeveloped.

Cities and states hold many development tools that businesses find useful and necessary in conducting business. Included in these tools are: state income taxes, local impact and construction fees, zoning variances, city or county income taxes, and property taxes. Utilizing these tools to entice developers to cleanup or invest in brownfields can prove to be a very successful endeavor for a local or state government. For example, a city could provide special, negotiated, zoning variances to a business in exchange for cleaning up a local brownfield. Alternatively, a city can agree to waive certain administrative fees in exchange for cleaning up a local brownfield. All of these type of processes is made possible by a local official understanding the local taxing and development system and making it work for them.

Cheektowaga, a city in New York, has successfully utilized a development swap in relation to a brownfield property. Cheektowaga conducted a tax abatement swap in exchange for a developer cleaning up a local brownfield. In this situation, “(a) local developer wanted a tax break on a hotel he was constructing, and the developer offered to clean up an old steel site in exchange for that tax abatement”.¹² This example demonstrates the powerful tools that local and state governments hold that can be applied, creatively, to getting brownfields cleaned and redeveloped. Development swaps are not a *one size fits all*. Different developers will desire different exchanges for performing work on brownfields. However, a city that recognizes the tools available can more effectively negotiate brownfield cleanups.

Special Use or Protection Tax Credits

Depending on the area and specific details surrounding a brownfield, some financing programs exist that can aid in the redevelopment process. Specifically, the federal low income housing tax credits and historical preservation tax credits may be useful in brownfield remediation projects.

“The Low-Income Housing Tax Credit Program is a tool for private developers and non-profit entities to construct or rehabilitate affordable [residential] rental units”.¹³ This federal program provides a dollar for dollar tax credit over a period of ten years to an investor or developer of low income housing. These tax credits can be sold or transferred to other individuals or businesses —such as banks. “Typically used in multi-family housing development, the equity created by the sale of tax credits allows a reduction of

the property's mortgage, which in turn allows the property owner to lower rents, rendering the property affordable to lower-income households".¹⁴ Utilizing this federal program for brownfields can foster a successful redevelopment project.

Many brownfields across the United States would make excellent targets for rental housing. Many cities have already realized the benefits to be gained from redeveloping old, industrial warehouses or buildings into apartments or lofts. For example in Denver, Colorado, the downtown area has realized a new life from converting old industrial and commercial buildings into lofts.¹⁵ Many of these converted loft apartments have designated a percentage of their rentals as *low income* rentals, thereby making them eligible for the low income housing tax credit. The creation of these lofts in downtown Denver can be directly associated with some of the revitalization the downtown area has experienced. Utilizing the low income housing tax credit and brownfield properties to create apartments or lofts can prove beneficial for all involved—the developer, the city, and the residents.

In Trenton, New Jersey, a brownfield project was successful only because of the existence of the Low Income Housing Credits. This particular project, called the Circle F project, dealt with an old manufacturing site that dated back to 1886. In 1992 the city and a local neighborhood association teamed up and divided the property into two sections. The front section was formed into senior citizen housing and the back section remained industrial. Local non-profit organizations undertook the housing project and fronted the \$500,000 required to cleanup and prepare the site. This non-profit organization applied for, and received, \$8 million dollars in federal Low Income Housing Credits. This large amount of tax credits attracted a local bank to finance the project's construction costs of \$5 million dollars. The tax credits translated into a 12% return for the bank and the city received 75 new units of housing in an old central city neighborhood.¹⁶ The city of Trenton properly and effectively utilized the federal low income housing credits, a local non-profit, and a local bank to turn a brownfield into a productive entity.

Housing on old brownfield properties is becoming more widespread as contamination cleanup issues are better understood. As more developers are turning to housing developments it can be expected that the Federal Low Income Housing Credits program will be more utilized in the future. However, to date, this program is widely underused in the brownfield redevelopment arena.

Historic Preservation may be an additional logical route for non-profit and government entities to take with brownfield properties. The federal government has two programs directed at historic preservation. These programs are: The Federal Historic Preservation Tax Incentives and the Save America's Treasures program. "The Federal Historic Preservation Tax Incentives are available for buildings that are National Historic Landmarks, that are listed in the National Register, and that contribute to National Register Historic Districts and certain local historic districts. Properties must be income-producing and must be rehabilitated according to standards set by the Secretary of the Interior".¹⁷ The federal program provides for up to a 20% tax credit for preservation

activities. In older, industrial cities many brownfields are located in historical districts and would qualify for this particular federal program. Saving America's Treasures is a private-public partnership between the National Park Service and the National Trust for Historic Preservation.¹⁸ This program is harder to access for developers but still may provide a unique avenue. Saving America's Treasures outlines projects each year at both the federal and state levels that will set the agenda. As of January 2004 this program had designated over 1000 official projects across the country. Currently, their nationwide projects include: Save the Clock, Save Outdoor Sculptures, and two Film projects¹⁹. Although each of these projects is unique, they can, for the innovative public administrator or developer, offer a new direction for a funding search. For example, in 2004 a public building with a clock may be eligible for funding through the Save the Clock project.

In addition to the annual agenda, Save America's Treasures awards grants each year to historical preservation activities. These awards have ranged anywhere from \$50,000 to over \$300,000. For example in 2000, Cannelton, Indiana, received a \$250,000 grant for the restoration of the vacant Indiana Cotton Mill.²⁰ This project was very innovative in financing and as a result was awarded the National Preservation Award in 2003. The developers turned this property into a 70 unit affordable housing complex. In addition to the grant from the Save America's Treasures the developer secured loan guarantees from the US Department of Agriculture (Rural Multi-Family Housing Loan Program)²¹ and tax credits from the Federal Low Income Housing Program. The project totaled over \$7 million but was able to be completed through innovation, hard work, and an exhaustion of ALL possible resources—not merely looking at brownfield specific programs.

Some states have created historic preservation programs of their own to compliment the federal program. In Kentucky, for example, the state created an additional grant program directed at historical preservation activities. The Kentucky State Preservation Grants provide up to \$85,000 for preservation activities.²² Other states, like Delaware, have created additional tax credit programs that will allow a business or individual to take a percentage tax credit on their state income taxes for preservation activities. However, like similar activities that require public dollars, the states vary widely on the presence and types of these programs. Checking with a state taxing authority and preservation office should reveal if anything exists at the state level that can be applied to a brownfield property in your area.

Land Assembly

An interesting and potentially powerful tool that cities possess in the brownfield remediation field is land assembly. Land assembly is a process of piecing parcels of land together in order to minimize the percentage of remediation costs for a developer and/or make a project more feasible. More specifically, a local government may hold several parcels of land in which development could be pursued. One or more of these parcels could have contamination present, thereby complicating the development process. If each parcel of land remained separate, the remediation of the contamination would encompass a large percentage of the total development costs given the relative small size

of the land. Often this large remediation cost, relative to the size of the project, can cause developers and potential financiers to shy away from the land. However, if a local government is able to add other parcels of land together so that the percentage of the total cost devoted to remediation is smaller, developers may be inclined to proceed with a project. This particular process will prove beneficial for at least two reasons: The contamination gets cleaned up and development occurs. Rather than holding on to several small pieces of land, the city can combine adjacent pieces of land together in order to minimize the portion of the development costs directed at remediation expenditures.

Sandusky, Ohio, is a small city with approximately 30,000 residents situated on the southern shoreline of Lake Erie. The city of Sandusky has successfully used land assembly in their Paper District Project. The Paper District project encompasses an area along the shore of Lake Erie. This area was a heavily blighted area that consisted of approximately 40 acres, or five sites, of land. This particular project was kicked off in 2000 with the creation of the Bayfront Urban Revitalization Plan (BURP). Under the BURP the city of Sandusky conducted a survey that resulted in classifying the properties as a public nuisance due to the severity of blight. By classifying these properties in such a manner the city was able to acquire the properties at a fair market value. Initially, the city had some difficulty in obtaining control of two of the five sites and was forced to proceed with just three sites. Although the project started with only three of the five sites, this compilation of land created a large enough site for the project to move forward successfully. Without the city of Sandusky's efforts at land assembly and grant seeking this project would not be as successful as it is today. The developer who ultimately developed this part of the project would not have been able to obtain financing without this compilation of land and remediation process on the part of the city (M. Will, personal communication, February 28, 2005).

In addition to successfully assembling land together in a manner attractive to a developer, Sandusky effectively utilized a number of resources in the remediation and redevelopment of the initial three properties. Funding sources included state environmental fund assistance, local foundation money, CDBG money, money from the private developer, Tax Increment Financing, and general fund money. Part of the initial project included the rehabilitation and redevelopment of a large building. The developer turned this building into condominiums and all 185 units sold in the first month of offering them.

Sandusky was able to effectively piece together small plats of land together to create a large enough project to be worthwhile for developers to invest in. In addition to their act of land assembly they were creative in utilizing a number of financing sources that have all led to amazing successes in a project that is still ongoing. Other local officials can benefit by recognizing the fact that small brownfields may not be attractive to either developers or financiers and, as such, land assembly would be appropriate. Although Sandusky had trouble securing all five sites in the beginning, just piecing three together led to successful remediation and redevelopment.

Conclusion

While some of the options discussed earlier in this practice guide offer some unique, tested, and successful ways to finance the remediation and redevelopment of an area's brownfield property, they are not going to work for everyone. The real key to alternative financing of brownfield remediation and redevelopment lies with creative thinking and creative solutions. Each city that utilized non-brownfield specific financing mechanisms was able to do so by expanding the conventional brownfield resources and moving into untested areas. Many other options for brownfield financing may be available for cities or states but have yet to be realized due to the lack of unconventional or creative thinking on the issue. For cities to be as effective as possible in brownfield redevelopments, officials need to recognize the importance of thinking beyond the traditional brownfield programs and manipulating the system to work for their project.

To reemphasize creative thinking, a small discussion of an additional case is due here. In January of 1997 the EPA settled a three year long battle with the Sherwin-Williams Paint Company for \$5.8 million dollars. The city of Chicago was able to negotiate a \$950,000 'good faith gesture' from this settlement. The city used this \$950,000 for a brownfield redevelopment. Instead of merely seeing this settlement as a justified punishment for environmental harms, the city was creative and proactive in gaining benefits for other brownfield redevelopments through this large fine.

It is imperative for local governments, state governments, and interested individuals to be innovative in relation to their brownfield properties. Although a number of brownfield specific financing tools exist, these are not always enough to get a job done. In the event of insufficient funding, innovation can be the answer to a community's problems with brownfields. Recognizing opportunities where they have previously been missed, opening communication with all departments of local and state government, and merely 'thinking outside of the box' can all lead to solutions and alternative financing mechanisms. Each area will face unique and varying circumstances that will both prohibit and create a variety of resources for financing brownfield redevelopment. Encouraging focus group sessions with local officials, community members, and businesses could lead to successful suggestions for brownfield redevelopments.

Brownfield remediation and redevelopment can be an expensive task to undertake for any developer. However, though the cost may be high, the rewards are often higher. While a number of cities and states have created successful programs aimed at easing the costs associated with investing in these properties, these programs are not always sufficient for getting a brownfield redeveloped. Brownfield remediation and redevelopments do not have to be constrained by the presence or lack of programs directly targeting them. Many cities, as the case examples have shown, have demonstrated creativity and innovation in tapping alternative financing mechanisms. Each local government and state can benefit by open communication and creativity in addressing the area's brownfields. Innovative solutions are not handed to communities, they are created by communities.

Appendix A:

Examples of general development programs

1. Job Tax Credit (Florida): a business that pays Florida state sales or use tax a credit for wages paid to an employee who is a resident of an enterprise zone.
2. Business Equipment Refund (Florida): a refund of state sales tax for equipment purchased if that equipment is used exclusively in an enterprise zone.
3. Urban Job Tax Credit (Florida): a business is given a \$500 credit per job created that is in a specified industry, including manufacturing.
4. Economic Development Transportation Road Fund (St. Petersburg, FL): grants to businesses that locate in an area with transportation impediments.
5. Child Care Tax Credit (Georgia): businesses that construct or purchase qualified child care facilities can take income tax credits up to 100% of the cost of construction. Additionally, businesses who sponsor or provide child care to employees can receive a credit to income tax of up to 75% of the costs associated with that activity.
6. Economic Opportunity Zone (Kentucky): In zones with high poverty rates (meeting certain conditions) developers can receive up to a 100% income tax credit from that project.
7. Direct Loan Program (Kentucky): provides below market rate loans to businesses in certain industries.
8. Educational Tax Credit (Alabama): allows for a 20% tax credit to businesses that sponsor a program that enhances the education of employees.
9. Industrial Revenue Bond (Most states): Allows localities to issue state tax exempt bonds to finance industry infrastructure.
10. Fee-in-lieu-of-property-tax (FILOT) (South Carolina): For large investments in certain counties businesses may opt to pay a fee instead of property taxes for twenty years.

Appendix B:

Useful Publications:

This is a report written in 2003 outlining some financing strategies for brownfield redevelopment.

<http://www.nemw.org/BFinancingredev.pdf>

A sourcebook for borrowers

<http://www.smartgrowth.org/library/finsbk.html>

A guide to federal Programs

http://www.epa.gov/sverosps/bf/partners/federal_programs_guide.pdf

FOOTNOTES

-
- ¹ http://www.epa.gov/swerosps/bf/partners/federal_programs_guide.pdf
 - ² [http://www.realtor.org/SG3.nsf/files/TIFreport.pdf/\\$FILE/TIFreport.pdf](http://www.realtor.org/SG3.nsf/files/TIFreport.pdf/$FILE/TIFreport.pdf)
 - ³ http://www.dnr.state.wi.us/org/aw/rr/rbrownfields/beaver_dampdf
 - ⁴ <http://www.freesearch.co.uk/dictionary/piggybacking>
 - ⁵ <http://www.hud.gov/offices/cpd/economicdevelopment/programs/bedi/bfieldfinance.cfm#cdbg>
 - ⁶ <http://www.hud.gov/offices/cpd/communitydevelopment/programs/108/casesstudies.cfm>
 - ⁷ <http://www.hud.gov/offices/cpd/communitydevelopment/programs/108/index.cfm>
 - ⁸ <http://www.hud.gov/offices/cpd/economicdevelopment/programs/bedi/index.cfm>
 - ⁹ http://a257.g.akamaitech.net/7/257/2422/12feb20041500/edocket.access.gpo.gov/cfr_2004/aprqrtr/pdf/24cfr570.300.pdf
 - ¹⁰ <http://www.nemw.org/ERfinancebrown.htm>
 - ¹¹ <http://www.coloradoconservationtrust.org/news/PostTaxCredit11.16.03.html>
 - ¹² <http://www.nemw.org/ERfinancebrown.htm>
 - ¹³ <http://rho1.org/rental/taxcredit.htm>
 - ¹⁴ <http://www.frbsf.org/publications/community/investments/cra02-2/lowincome.pdf>
 - ¹⁵ http://www.hometodenver.com/Denver_Lofts.php
 - ¹⁶ http://www.americacityandcounty.com/mag/government_trenton_nj/
 - ¹⁷ http://www.cr.nps.gov/hps/tps/tax/tax_p.htm
 - ¹⁸ <http://www.saveamericastreasures.org/about.htm>
 - ¹⁹ <http://www.saveamericastreasures.org/projall.htm>
 - ²⁰ <http://www.brandtconstruction.com/CottonMill.htm>
 - ²¹ <http://www.rurdev.usda.gov/rd/stories/in-cannelton.html>
 - ²² http://www.state.ky.us/agencies/khc/preservation_grants.htm

REFERENCES

1. American City and County (1999). *Trenton, NJ*. Retrieved October 15, 2004 from the World Wide Web:
http://www.americancityandcounty.com/mag/government_trenton_nj/
2. Brandt Construction, INC (2003). *Cotton Mill Apartments*. Retrieved October 28, 2004 from World Wide Web: <http://www.brandtconstruction.com/CottonMill.htm>
3. Denver Post.com (2003). *More Cash In, On Land Deal: Preserving Open Space is a Key Goal*. Jeff Thomas. Retrieved December 12, 2004 from World Wide Web:
<http://www.coloradoconservationtrust.org/news/PostTaxCredit11.16.03.html>
4. Federal Reserve Board (2002). *Low Income Housing Tax Credits*. Such, Catherine. Retrieved November 5, 2004 from the World Wide Web:
<http://www.frbsf.org/publications/community/investments/cra02-2/lowincome.pdf>
5. Freeseearch.com (2003). *Piggybacking*. Retrieved October 12, 2004 from the World Wide Web: <http://www.freeseearch.co.uk/dictionary/piggybacking>
6. Home to Denver LLC (2004). *Denver Downtown Lofts for Sale*. Retrieved November 11, 2004 from World Wide Web:
http://www.hometodenver.com/Denver_Lofts.php
7. Kentucky Heritage Council. (2004). *Preservation Grants*. Retrieved November 11, 2004 from the World Wide Web:
http://www.state.ky.us/agencies/khc/preservation_grants.htm
8. National Association of Realtors. (2002). *Tax Increment Financing*. Johnson, Craig L. Retrieved November 22, 2004 from the World Wide Web:
[http://www.realtor.org/SG3.nsf/files/TIFreport.pdf/\\$FILE/TIFreport.pdf](http://www.realtor.org/SG3.nsf/files/TIFreport.pdf/$FILE/TIFreport.pdf)
9. National Park Service (n.d.) *Federal Historic Preservation Tax Incentives*. Retrieved November 15, 2004 from the World Wide Web:
http://www.cr.nps.gov/hps/tps/tax/tax_p.htm
10. Northeast-Midwest Institute (2001). *Brownfield Financing: State and Local Innovations*. Bartsch, Charles. Retrieved October 2, 2004 from the World Wide Web: <http://www.nemw.org/ERfinancebrown.htm>
11. Rental Housing Online (2005). *Low Income Housing Federal Tax Credit Program FAQs*. Retrieved November 21, 2004 from the World Wide Web:
<http://rhol.org/rental/taxcredit.htm>

-
12. Save America's Treasures. (2004). Retrieved November 12, 2004 from World Wide Web: < <http://www.saveameericastreasures.org/>>
 13. US Department of Agriculture, Rural Development. (2002). *Success Stories: USDA Supports Affordable Housing Initiative at Historical Sites*. Retrieved November 2, 2004 from the World Wide Web: <http://www.rurdev.usda.gov/rd/stories/in-cannelton.html>
 14. US Department of Housing and Community Development, CDBG Statutes. (n.d). Retrieved December 12, 2004 from the World Wide Web: http://a257.g.akamaitech.net/7/257/2422/12feb20041500/edocket.access.gpo.gov/cfr_2004/aprqrtr/pdf/24cfr570.300.pdf
 15. US Department of Housing and Community Development, Community Planning and Development. (2004) *Financing Brownfield Redevelopment*. Retrieved November 12, 2004 from the World Wide Web: <http://www.hud.gov/offices/cpd/economicdevelopment/programs/bedi/bfieldfinance.cfm#cdbg>
 16. US Environmental Protection Agency, Office of Solid Waste and Emergency Response. (2004). *Brownfields Federal Programs Guide*. SRA International Incorporated. Retrieved October 15, 2004 from the World Wide Web: http://www.epa.gov/swerosps/bf/partners/federal_programs_guide.pdf
 17. Wisconsin Department of Natural Resources (1998). *Former Monarch Range Site Redeveloped*. Retrieved October 22, 2004 from the World Wide Web: http://www.dnr.state.wi.us/org/aw/rr/rbrownfields/beaver_dam.pdf