

Financing Brownfield Redevelopment in Small Towns and Rural Areas:

Helpful Hints and Examples

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Actual or suspected environmental contamination can create a formidable barrier to community revitalization, particularly in small, rural towns with limited resources. Many of the sites affected by residual industrial pollution occupy prime locations, where business and industry once thrived amid well-developed infrastructure, often at the intersection of major transportation corridors. For that reason, many small towns use brownfield financing strategies that link the cleanup and redevelopment of these long-neglected sites with larger community development efforts.

Small towns and rural communities often share several brownfield challenges.

- Disinvestment in traditional town centers, often exacerbated by sprawl, which make it very difficult to promote the reuse of centrally located sites.
- Development pressures on surrounding greenfields—nearby farms and forests—and little capacity to stem it.
- The loss of infrastructure, such as agricultural processing facilities, for working lands.
- Inadequate financial and technical resources for consensus-building and planning, which are essential for determining appropriate end uses and using many federal brownfield redevelopment programs.

To overcome these challenges, many rural communities have developed successful ways to finance the redevelopment and reuse of brownfield sites.

Local Government Intervention to Jump-Start Redevelopment

Many brownfield projects do not work without some kind of involvement by the public sector—especially local government—no matter the size of the community. In particular, towns, counties, and rural development authorities are well positioned to jump-start the reuse process and help move it through its critical, make-or-break early phases. Low-cost and no-cost initiatives include helping with site assembly, linking site owners to state programs and incentives, and helping to package loans so that prospective site reusers can secure private financing.

Coordinating Development Activities. Coordinated land-use planning poses a challenge even for big cities with full-blown planning and zoning departments and financial support for technology, consultants, and community outreach. Small communities that lack these resources may be unable to conduct comprehensive planning at all. Some federal and state programs aim to strengthen local land-use planning by supporting coordination across agencies, sectors, and political jurisdictions.

Streamlining interagency coordination can reduce overlaps in administrative jurisdictions and oversight, saving scarce local government staff and resources as well as months of the developer's valuable time. In *Warren, Rhode Island*, (pop. 11,000), the town helped the developers of Display World to forge a good working partnership with the state's voluntary cleanup program and other agencies, which led to quick turnaround on regulatory and permitting issues that saved time and consultant fees.

The Display World project was developed at the site of the abandoned Carol Cable Manufacturing Company, renovating old buildings and constructing new ones to create a 100,000-square-foot facility. After the facility closed down in 1990 the state supervised cleanup that failed to meet its stringent water quality standards. In fall 1995, Display World, Inc., expressed an interest in purchasing the site, but only after the state resolved all environmental issues and provided liability releases. State officials made it a priority to meet Display World's needs in a timely fashion, with strong interagency coordination decreasing costs. The state's 1995 brownfield law made the transaction possible by providing the necessary liability sign-off under revised cleanup standards that allow the use of institutional/engineering controls to satisfy remedial requirements. Display World purchased the property for \$175,000 and invested another \$500,000 in the facility, bringing more than 100 jobs to the town.

Accessing Resources to Promote Reuse and Shape Growth. In many cases public-sector financial assistance is needed to make a site-reuse project economically viable, because remediation and preparation costs make many sites economically uncompetitive—at least initially. Small towns and the nonprofit organizations that work with them have found a wide variety of private and public resources for enhancing local redevelopment, as well as grant, loan, and technical assistance programs at every level of government. These public investments often can be recovered, whether through the sale or lease of the redeveloped site or the new tax revenues generated by the project.

Frankfort, Michigan, (population 1,500) is working with a local Brownfield Redevelopment Authority -- as authorized by the state of Michigan -- to link tax-increment bond financing with the cleanup of an unused lumber mill and abandoned orchards within the town limits. The bonds will be repaid by new activity on those sites. This project is part of the town's larger community vision to make a transition from an

economy based on lumber production, shipping, and agriculture to one built on a waterfront resort and local tourism. With the help of \$350,000 in U.S. EPA brownfields assessment grants, the town is working to enhance and redevelop blighted properties and optimize green space, and also attract new businesses to renew and sustain economic development.

A brownfield project in *Fort Dodge, Iowa*, (population 26,057) aims to make the town's river corridor clean and safe for recreational use. Based on a riverfront master plan, the project targeted three key brownfield sites—a dump, junkyard, and abandoned grain elevator—on waterways along the Des Moines River and Soldier Creek. Fort Dodge has raised more than \$8 million in private funds to redevelop the sites and carry out the plan for riverbank stabilization, pond restoration, and development of a footbridge and a riverfront trail.

In 1996, *Lacon, Illinois*, (population 2,000) took title to the 17-acre contaminated site of the Lacon Woolen Mill—the town's primary employer until it closed in the late 1960s. The site includes a four-acre parcel of industrial property, two acres of river bank and flood plain, and 11 acres of Illinois River Bay. Using a wide array of state and federal funding, the town completed site cleanup and established institutional controls to successfully attain a No Further Remediation (NFR) letter from the state in October 2004. Today the town is redeveloping the property for residential and recreational use.

The Illinois Environmental Protection Agency (IEPA) performed an initial site assessment in 1996, and the following year Lacon used \$250,000 from a local Tax Increment Financing initiative to remove debris and building rubble from the site. In 1999, Lacon received a \$120,000-brownfield redevelopment grant through IEPA and a \$200,000-EPA brownfield assessment pilot grant to study the mill site for reuse and prepare an appropriate remediation plan. Lacon also became one of six Illinois cities eligible for a \$500,000 low-interest loan from EPA's Brownfield Cleanup Revolving Loan Fund to help clean up the site, clearing the way for redevelopment that capitalizes on its location beside the Illinois River. A supplemental brownfield assessment pilot grant of \$150,000 awarded in April 2001 focused on sediment contamination in the riverfront area.

Tapping a Location's Competitive Features. The real-estate gospel of “location, location, location” applies as much to small-town sites as properties in larger cities. Many of the brownfield success stories are found in areas such as waterways, historical buildings, solidly built factories, and other valuable facilities. They include new industrial parks in the cleaned and realigned old railyards of Camden, Arkansas; new commercial operations and recreational facilities on the brownfield sites lining the Presumscot River in Westbrook, Maine; and recreational facilities and an industrial

museum on the Illinois Ship Canal in Joliet. By capitalizing on the competitive advantages of location, small communities can create an economic focal point that enhances the viability of a broader area and leverage additional public and private investment.

Rural *Haddam, Connecticut*, (population 7,200), lost its three largest employers and 50 percent of its tax base in the 1990s. Yet the town recognized its great potential, owing in large part to its proximity to the Valley Railroad, the state expressway, a rich history, and area attractions such as “Camelot Cruises” of the nearby Connecticut River. In the town’s Higganum Center—a traditional village center dating from 1800—the town launched a brownfield assessment pilot project to renew three publicly owned properties on six acres. A \$156,000-U.S. EPA grant helped fund site assessments, community outreach, a cleanup feasibility study, and an ecological assessment of a stream adjacent to the sites. The brownfield grant also spurred the creation of the Higganum Center Advisory Committee (HCAC) to oversee community involvement in the pilot, developing a consensus on everything from sidewalks and parking to potential uses for available properties.

Allegan, Michigan, (population 4,838) was built on a foundation of industrial and manufacturing facilities that over the years have been largely abandoned. However, the city still serves as the county’s commercial hub, providing goods and services to the surrounding rural townships. In 1998, the city established the Allegan Brownfields Redevelopment Authority to launch area redevelopment and beautification projects around its historic areas and riverfront. In 2000, Allegan received a \$200,000-EPA brownfield assessment pilot grant and an additional \$50,000 for green space rehabilitation, all of which were applied to nearly a dozen brownfields located along the Kalamazoo River and in the city's historic district. Together with state funding, these grants made it possible for Allegan to return property to its tax base, clean up its environment, and restore the kind of community pride that stimulates private investment.

In addition to federal brownfield funding, Allegan received a \$650,000-grant through the Clean Michigan Initiative for a brownfield project along the Kalamazoo River. The grant has been leveraged into a \$2.2-million public-private venture that includes two new businesses and a relocated business. It revitalized a part of downtown that was virtually abandoned due to site conditions and linked it to a one-mile waterfront boardwalk. Allegan's revitalization efforts received another boost when EPA selected the city for the superfund redevelopment pilot program in July 2000. The pilot focuses on the 30-acre Rockwell International Corporation Superfund site, a former manufacturing plant that discharged waste water and oils into the Kalamazoo River, wetlands behind the plant, and several unlined lagoons. The SRI pilot funds community outreach, studies of future site uses, and redevelopment planning for the site. Because the surrounding area land

uses are municipal and industrial, Allegan may use the Rockwell site to expand a neighboring industrial facility, house new county government offices, or relocate the county jail.

Orono, Maine, (population 9,112, including more than 4,000 students of the University of Maine) cleaned up the former Striar Textile Mill on the uninhabited, 62-acre Ayers Island, as an opportunity to create a research and development facility for a variety of emerging industries that apply the university's technologies. The undertaking was a natural extension of the town's economic development action plan, which calls for preserving its small-town, rural culture; working with the University of Maine to develop high-technology businesses; and eliciting community input.

After assuming ownership of the island through an outstanding sewer lien, the town signed a five-year, lease-purchase agreement with Ayers Island, LLC, after a process to clear the title to the property. (The lease includes a clause permitting Orono to retain title to the island so it can qualify for U.S. EPA funding.) In 1999, EPA Region 1 provided a \$160,000 targeted assessment grant for detailed analysis of the island's contamination to develop cleanup recommendations. In 2000, U.S. EPA hired a contractor to review the site, who recommended minor cleanup and some additional study of the 360,000-square-foot main building. With a \$25,000 grant from the Economic Development Administration, Ayers Island, LLC, began a complete engineering study and design work for the building. The following year, EPA provided \$500,000 to establish the Orono brownfield cleanup revolving loan fund (BCRLF), later supplemented with an additional \$250,000. These funds supported demolition, cleanup, and redevelopment work.

In 2003, the Orono town council approved the sale of the island to the University of Maine professor who founded Ayers Island, LLC. Among other things, the five acres of buildings will house a Homeland Security Information Center.