Return on Investment of Brownfield Redevelopment Resources – Technical, Legal, Financial Assistance

Environmental Stewardship. Economic Development.

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U.S. EPA OLEM/OUST Webinar
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Today’s Topics

- What is good to know about brownfields?
- Who needs technical, legal/liability, and/or financial assistance?
- What is the Indiana Brownfields Program (IBP) and how can it and/or others help?
- Why is leveraging, leveraging, leveraging the new “location, location, location?”
- What is Return on Investment (ROI), why is it important, and how does IBP measure it?
- What are some redevelopment success stories in Indiana?
- What is the bottom line?

- Brownfields have a range of sizes/issues/reuses
- Ex: small, abandoned, petroleum UST site with redevelopment issues = brownfield

- Brownfield redevelopment is interdisciplinary
What is a Brownfield?

- Indiana defines a brownfield site as:
  - a parcel of real estate
  - abandoned, inactive, or underutilized
  - on which expansion, redevelopment, or reuse is complicated because of the presence or potential presence of a hazardous substance, a contaminant, petroleum, or a petroleum product that poses a risk to human health and the environment.

- Similar to U.S. EPA definition (real property)
What are Obstacles to Brownfield Redevelopment?

- Real or potential environmental contamination
- Liability issues for the lender, prospective purchaser, and third parties
- Assessment / Cleanup costs
- Economic development climate
- Viability of re-use plans for the site
- Lack of resources – knowledge, money, partners
- Unknowns – risks, ownership, access

Brownfield redevelopment = real estate project with environmental component
Indiana Brownfields Program

Background

- Housed under the Indiana Finance Authority (IFA)
- Created by 2005 legislation (SEA 578); IC 13-11-2-19.3
- Funded by state appropriations & federal funds
- Provides governmental assistance to *address environmental issues* that impede brownfield redevelopment
- Works in partnership with U.S. EPA et al.
Indiana Brownfields Program

Background

- Allows for voluntary participation – not enforcement
- Works typically with communities or prospective purchasers vs. RPs
- Relies on existing laws/regs/policies to protect human health and environment
- Has different processes for different incentives
- Uses consultants differently per incentive
- Utilizes Indiana Department of Environmental Management (IDEM) Remediation Closure Guide
- Offers closure documents
Indiana Brownfields Program Lends a Hand

- Helps stakeholders by providing:
  - Educational Assistance
  - Financial Assistance
  - Legal Assistance
  - Technical Assistance
One example: **Petroleum Orphan Sites Initiative (POSI)**
-- IBP in partnership with IDEM -- *professional services*

- Assists/benefits political subdivisions
- Addresses petroleum contamination on brownfield sites resulting from leaking underground storage tanks that cannot be addressed by the responsible party due to an inability-to-pay, bankruptcy, or other factors (orphan sites)
- Includes site assessment, UST removal, and remediation
- Also covers hazardous substances or petroleum contamination from other on-site sources (e.g., hydraulic lifts, etc.) if funding is available
- Funding source: $3M Excess Liability Trust Fund (ELTF) transfer to IBP for SFYs ’14&’15; $2.91M ELTF transfer for SFYs ‘16&‘17
Indiana Brownfields Program
Lends a Hand: Financial Incentives

- **POSI Process**
  - No application
  - Sites referred by IDEM Enforcement and LUST programs
  - Petroleum Eligibility Determination (PED) if necessary
  - Site awards obtain IFA Board approval
  - Bids solicited from IBP-qualified consultant pool for site work
  - Assigned IBP Project Manager works with stakeholders throughout process to ensure needs are met
  - No Further Action (NFA) letter by IDEM is goal of IBP
Indiana Brownfields Program Lends a Hand

- Coordinates with other stakeholders/partners/resources:
  - U.S. EPA for financial assistance = leveraging
  - Other IFA programs = leveraging
  - IDEM programs as appropriate = leveraging
  - Other federal & state agencies = leveraging
  - Local public/private entities = leveraging

Leveraging… the new “Location”
Value of Leveraged Incentives

- Minimize environmental liability
- Subsidize assessment and remediation costs
- Increase funding opportunities
Quantifying benefits of brownfield investment (time/money/other resources)
  - Verbally
  - Mathematically
  - Internally
  - Externally

Return on Investment (ROI) exercise
  - Capturing data
  - Conveying data
Return on Investment (ROI)

- What – Program Benefits minus Program Costs divided by Program Costs
- Why – Purpose of ROI exercise = evaluate/justify Program
- Who – Program participants, variety of brownfield sites
- When – Annually/ongoing
- Where – In-house
- How – Multiple-page survey to one-page survey/on-line survey
- What Then – ROI spreadsheet…report
Return on Investment (ROI) Survey
Brownfields Return on Investment (ROI) Project

Instructions

Thank you for participating in the Indiana Brownfields Program (Program) Return on Investment (ROI) Project. Your feedback is very important to us as we continue to evaluate and improve our Program for your benefit.

As a brownfield project stakeholder, you will be asked a short series of questions about a brownfield project that received financial, legal, and/or technical assistance from the Indiana Brownfields Program. The questions include information about project status, business and employment, funding, and property valuation data (optional). We realize some projects have not yet reached the end of remediation or the redevelopment process, in which case you may skip the question or provide an estimate.

If you are completing the ROI project survey for more than one brownfield site/property/project, you will be given an option to restart the survey at the end.

If you need to come back to the survey later, you will see an option to “save and continue later” at the top of the page.
Brownfields Return on Investment (ROI) Project

Job Information

For the brownfield project, complete information relating to jobs at the site.

<table>
<thead>
<tr>
<th>Jobs Permanently Created</th>
<th>Jobs Temporarily Created</th>
<th>Jobs Retained</th>
<th>Jobs Projected</th>
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Save and continue later

48% completed

Back  Next
Indiana Brownfields Program Accomplishments – 1997 through 2016:

- ROI surveys received: 784
- Acres back in productive use: 1,080
- Jobs created (177/784 sites reporting): 14,528
- 47 tax credit housing projects creating ~2,300 new units
- State funds awarded since 1998: ~$59M
- Funds leveraged for Program-financed projects: ~ $538M
- Closures & liability clarifications issued since 1998: 889
- Funds leveraged for all Program projects: ~ $2.57B
Return on Investment (ROI) Report

Project Funding Mix: 1997 – 2016

Actual Funds Leveraged for IFA-funded Projects

ROI $9:$1

IFA Investment (incl. Fed BF/ARRA $)
Public Leveraged Funds
Private Leveraged Funds
Leveraged Funds Undetermined Source
Project Funding Mix: 1997 – 2016

Actual Funds Leveraged for All Projects

ROI $48:$1

- $1,404,762,195 (49%) (Private)
- $1,165,322,054 (40%) (Public)
- $253,915,249 (9%) (Other)
- $58,849,195 (2%) (IFA)

IFA Investment (incl. Fed BF/ARRA $)  Private Leveraged Funds
Public Leveraged Funds  Leveraged Funds Undetermined Source
Return on Investment (ROI) Report

ROI = $9:$1

For every $1 of IFA investment provided, an additional $9 of investment is leveraged.

ROI = $48:$1

For every $1 of IFA investment provided (including technical assistance outside of financial investment), the ROI calculation increases to $48 of investment leveraged.
Brownfield Redevelopment - Additional Benefits

- **Property values/tax revenue** *(for 73 sites that reported all info):*
  - **Pre-development**
    - Average property value: $421,074
    - Average annual property tax revenue: $13,589
  - **Post-development**
    - Average property value: $1,138,513
    - Average annual property tax revenue: $35,670
    - **Increase** in average annual property tax revenue: $22,081

- **Acreage back in productive use** *(for 593 sites reporting): 1,080 acres*
Return on Investment (ROI) Report

Completed Redevelopment by Land Use

Industrial: 11%

Misc: 11%

Government, Recreation, Parks: 20%

Commercial: 40%

Residential: 18%
Examples of Brownfield Reuse/Redevelopment

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- Industrial (single building or park complex)
- Commercial (bank)
- Retail (shopping center, grocery store)
- Residential (houses, condos, apartments)
- Public (government offices)
- Greenspace (park, soccer field, golf course, trail, greenway)
- Mixed
Teamwork leads to Success!

Jeffersonville, IN: Former BP Ellis Gas Station

- Community need: Gateway to City
- Resources: Brownfield RLF loan funds; NFA letter
Teamwork leads to Success!

Gary, IN: Former Straughter Body Shop

- Community need: Cleared lot for a future park
- Leveraged resources: *American Recovery & Reinvestment Act (ARRA) Leaking Underground Storage Tank (LUST) Trust Fund; SEP funds; NFA letter*
Teamwork leads to Success!

Fort Wayne, IN: Four small sites with USTs

- Community need: Harrison Square Mixed Use/New Baseball Stadium
- Leveraged resources: *IBP Petroleum Remediation Grant for UST removal, etc.*
- Community need: Cleared lot for a future park
- Leveraged resources: *American Recovery & Reinvestment Act (ARRA) Leaking Underground Storage Tank (LUST) Trust Fund; SEP funds; NFA letter*
Brownfields (including UST sites): embrace opportunities to overcome obstacles/challenges!

The end: begin with this in mind – reuse/revitalization...economic growth...quality of life... vs. “just” remediation

Success: talk with other successful stakeholders/partners & don’t reinvent the wheel.

Leveraging: explore state and/or federal assistance, among other resources.

Indiana Brownfields Program: inquire about tools and access to other resources (not just money) to address environmental issues to facilitate brownfield redevelopment.

ROI performance data: capture and convey to speak volumes to various ears.

Small sites: remember these can lead to big success stories.
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Check out the Indiana Brownfields Program web site at: www.brownfields.in.gov

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