

Former Zidell Shipbreaking Yard, Portland



Former Blue Heron Mill  
Oregon City

# BROWNFIELDS REMEDICATION SPURS ECONOMIC GROWTH

\$1  
of state investment

in 51 redevelopment projects

leveraged  
\$116  
of other funds

resulting in

\$2.3B in  
economic activity

creating

8,900 on-site  
and indirect jobs

generating

\$19M in tax  
revenue to the state

## What is a brownfield?

A brownfield is a vacant or underutilized property where actual or perceived environmental contamination complicates its expansion or redevelopment.



Former Asphalt Batch Plant  
McMinnville



# WHY SHOULD WE CARE?

Brownfields **limit opportunities for job creation**, especially in historically industrial areas, commercial hubs, and main streets.

Brownfields span urban and rural areas and affect Oregonians of all ages and incomes.

Because they are often **located in underserved communities**, the presence of brownfields exacerbates health, social equity, and environmental justice issues.

Brownfields increase pressure for development in natural areas.

Cleanup costs and risks **deter potential developers** and **create a barrier** to community revitalization and economic development.

## HOW BROWNFIELD CONTAMINATION HINDERS DEVELOPMENT

### FINANCIAL CAPACITY

Remediation is a significant up front cost. If the remediation/site preparation and development costs exceed the property's redeveloped value, the project is not financially feasible.

These costs are difficult to finance and so must often be covered by owner or developer equity. This particularly affects small scale developers with limited equity.

### DISCONNECT BETWEEN REDEVELOPMENT AND CLEANUP REGULATIONS

Inefficiencies and higher costs can result from the disconnect between the timing pressures of the market and the regulatory response times required to process land use and cleanup permits. The 2012 Metro Brownfields report found an average cleanup time of four years for sites assisted by state programs.

The duration of the cleanup process is driven by multiple factors, including the complexity of contamination at a site, DEQ's staff capacity, and the interest of the responsible party in moving the project forward.

### RISK AND UNCERTAINTY

In addition to the normal development risks, brownfields carry the risk associated with uncertain contamination and environmental liability.

The strict liability statutes in federal and state cleanup laws makes the owner legally liable for the entire cost of cleanup even if they did not cause the contamination.

Even sites that are deemed fully remediated could be subject to review that could draw liable parties back into negotiations.

Nearly every development project involves some level of private financing, so if lenders are not comfortable with brownfield risk, the property will most likely fail to redevelop.

There are steps that can be taken to address these redevelopment challenges.

# OREGON'S BROWNFIELDS PROGRAMS

Taking on the redevelopment of contaminated sites requires support and funding from many sources. State programs play an essential role in the process of making these contaminated sites useful and productive to the state and its communities again.



## DEPARTMENT OF ENVIRONMENTAL QUALITY (DEQ) PROGRAMS

### Independent Cleanup Pathway

At low-risk sites and often without DEQ involvement, participant sends a post-cleanup report to DEQ, requesting a no-further-action (NFA) letter.

### Prospective Purchaser Agreements (PPA)

Through PPAs, applicants receive liability protection when acquiring sites, in return for providing "substantial public benefits."

### Voluntary Cleanup Program

DEQ oversees investigative and remedial actions in a collaborative process usually leading to a DEQ NFA.

### Site Response Program

Using its enforcement authority when needed at high-risk sites, DEQ directs and oversees implementation of remedial actions.

### Orphan Site Program

Where liable parties are unknown, or unable/unwilling to fund cleanup at high-risk sites, DEQ conducts its own cleanup work.

### Site-Specific Assessments

DEQ uses EPA grant funding to evaluate site contamination and conduct limited removals at selected brownfields.

## OREGON HEALTH AUTHORITY (OHA)

### Brownfield and Land Reuse Mini-Grants

Funded through competitive federal grant dollars, OHA's public health division awards minigrants to local health agencies and local governments to engage health partners in projects that address local health needs and maximize the benefits of redeployment.

## BUSINESS OREGON PROGRAMS

### Brownfield Redevelopment Fund

This program provides both grants and loans, but is primarily a loan program. Environmental actions funded through this program must be linked to site redevelopment that facilitates economic development or community revitalization.

### Oregon Coalition Brownfield Cleanup Fund

Funded through an agreement with EPA, Business Oregon awards revolving loans and grants for brownfield site cleanup, similar to a revolving loan fund, to local governments, nonprofits, public, and private entities.



## PACIFIC CARBIDE & ALLOY CO. (Portland)

**Historic use:** Calcium carbide manufacturing.

**New use:** New industrial land in an industrial sanctuary.

**Benefits:** Renewed industrial land, plans for facility expansion, restoration of Columbia Slough banks.

**Role of state programs:** The environmental contamination dissuaded traditional funders. Business Oregon provided low-interest loans to support cleanup. Without assistance, the property owner faced bankruptcy and conditions on the site would not have been addressed.



## FORMER WILLAMETTE INDUSTRIES/WEYERHAEUSER AND AGGREGATE MINING SITE (Sweet Home)

**Historic use:** Wood products manufacturing and aggregate mining.

**New use:** Mixed use commercial, recreational, residential.

**Benefits:** County partnered with the Sweet Home All Lands Collaborative (SHALC), a primary partner in the Federal Lands Livability Initiative effort to support the City of Sweet Home as a Gateway Community to the Willamette National Forest.

**Role of state programs:** DEQ Voluntary Cleanup Program, Business Oregon Brownfields Redevelopment Fund, Oregon Health Authority - Public Health Division.



# OREGON'S BROWNFIELDS

Brownfields exist across Oregon where there has been development or industry. This map shows known non-residential sites that have been contaminated by either petroleum or hazardous substances.

An estimated **13,501** brownfields exist in Oregon.

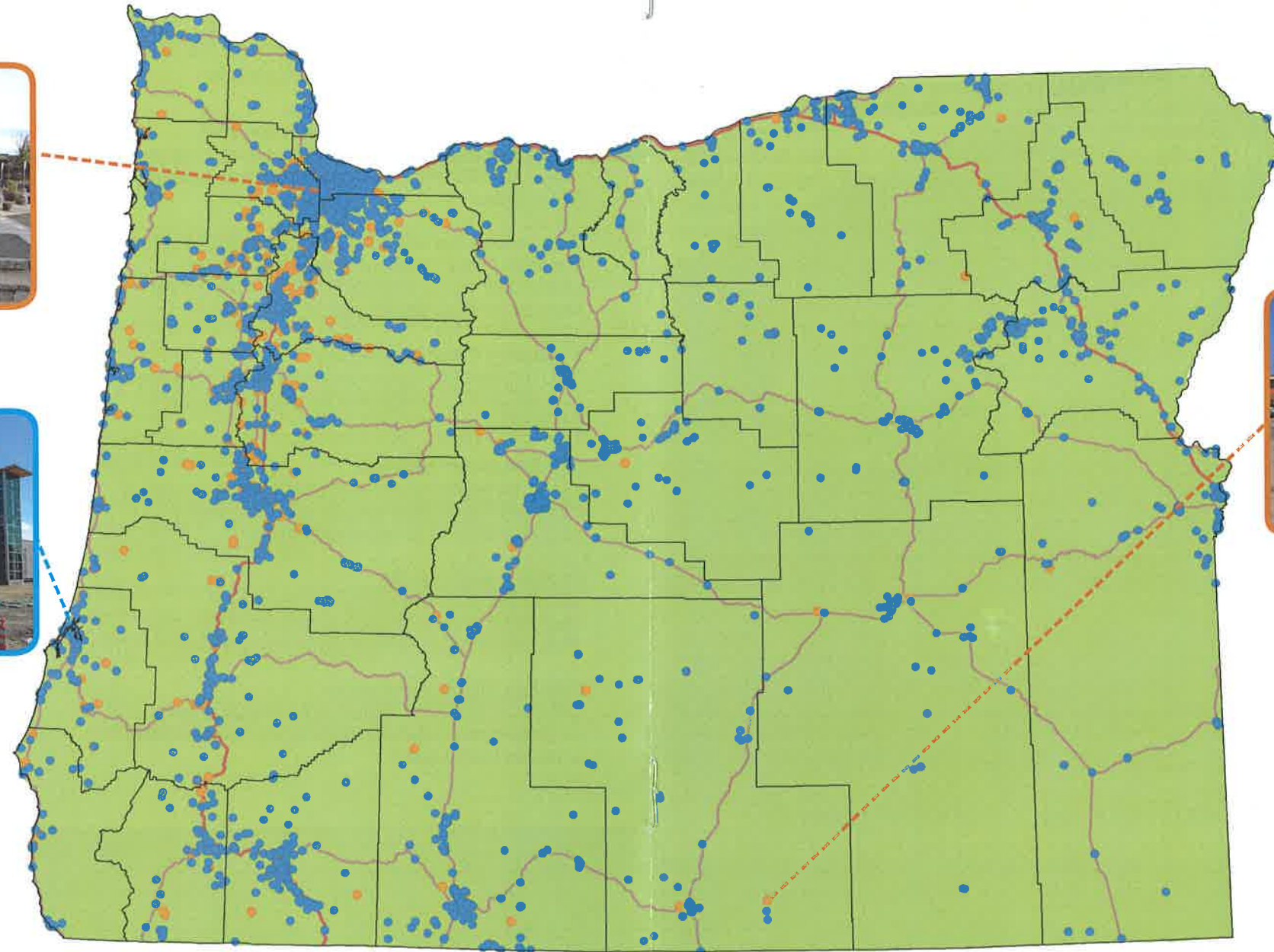
Only **35%** have been assessed or worked on to date.



**54%**  
of brownfields are located in economically distressed counties

**30**  
counties have received state assistance with more than one site

**76%**  
are located within a community's urban growth boundary



Map data source: Maul Foster and Alongi, 2014.



## Oregon Brownfields Highlights 1988-Present

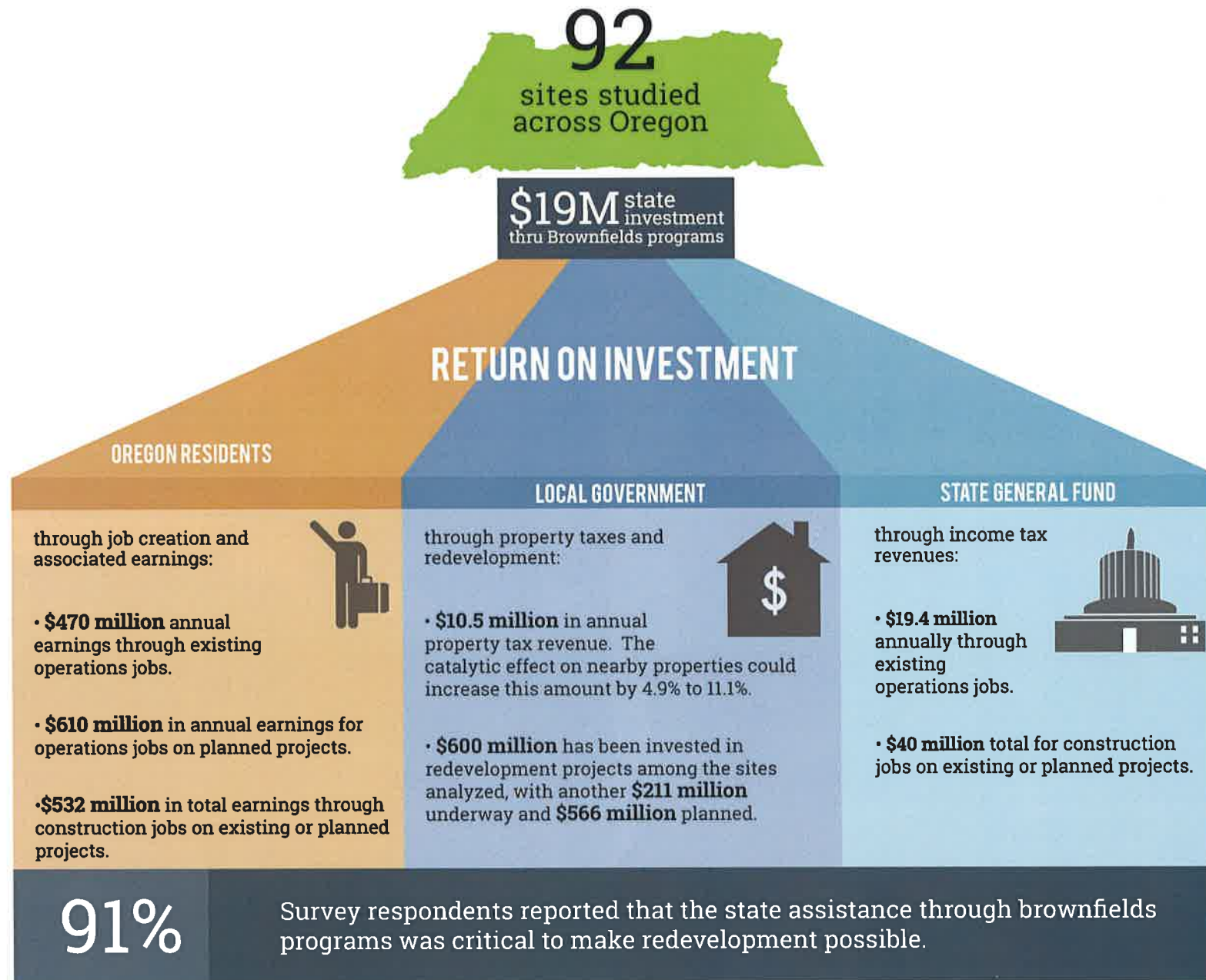


currently there are roughly  
**450** active projects  
in progress around the state



# A STUDY OF OREGON BROWNFIELDS

In 2013, Business Oregon launched an effort to assess the various impacts of public investments in brownfields remediation in Oregon. The return on this investment for Oregon's citizens and local governments is noteworthy and the continuing economic development outcomes significant.



Overall Finding: **State programs are critical for redevelopment.**



## INTERNATIONAL TERMINAL PORT OF NEWPORT

Historic use: Marine terminal.  
 New use: Marine terminal.  
 Benefits: Creation of 175 local and regional jobs, development of new NOAA research facility, restore shoreline and remove contaminants to protect marine ecosystem.  
 Role of state programs: Business Oregon provided a low-interest loan for cleanup, which helped the Port to maintain low rents and attract NOAA. Business Oregon teamed with the Port of Toledo to purchase the Fred Wahl Shipyard in 2010. These investments help link Oregon's central coast highways and the movement of marine commerce.

# EXPLORING SOLUTIONS: OREGON'S BROWNFIELDS COALITION

In early 2014, a coalition of public and private leaders in brownfield remediation came together to refine a legislative proposal, build a strong multi-sector coalition, and foster strategic political champions to help enact the policies in the region and in Salem. The Brownfields Coalition looks to other states for lessons learned about the different impacts and revenue potential of various tools.

Here are some solutions for consideration.

**Issue:** Redevelopment is often infeasible on brownfield sites

Possible responses:

Recapitalize the Business Oregon Brownfields Redevelopment Fund. Invest \$50 million to meet the long-term assessment, remediation, and redevelopment planning needs throughout the state. Amend statute to expand allowable uses of the funds (e.g. acquisition).

Brownfield cleanup tax credit. Allow property owners and developers to decrease their business or personal income taxes by a percentage of the documented costs of conducting a cleanup through tax credits.

Brownfield cleanup tax abatement. Create a tax break for the initial years of a brownfield redevelopment project.

**Issue:** Local communities lack capacity to redevelop priority properties

Possible responses:

Enable authority for governments and special districts to establish land banks. These banks can have the resources and long-term perspective to acquire and reposition brownfield properties.

**Issue:** Uncertainty around regulations exacerbates development risk

Possible responses:

Make targeted regulatory amendments to address development risk. These can enable streamlined techniques to reduce assessment and remediation timelines and increase flexibility for additional permitted land uses.

Pilot a licensing program to ensure cleanups. The program would be managed by qualified professionals who can certify cleanups for lower risk sites and carry related liability.

## PROJECTS ON THE HORIZON:

**30** additional redevelopment projects planned

leads to projection of **\$800,000,000** investment

**3,800** additional construction jobs (direct and indirect)



## KANSAS AVE. LEARNING GARDEN (Bend)

Historic use: Historic home adjacent to dry cleaner.  
 New use: Learning Garden.  
 Benefits: Tending a garden is great exercise and can help participants to maintain a healthy weight and prevent disease.  
 Role of state programs: DEQ provided Site Specific Assessment funds for characterization of historic contamination which found acceptable risk. Support from DEQ allowed the City to move forward with construction of raised garden beds as a low cost solution to reactivate the property and address blight in the area.



# BROWNFIELD REMEDIATION NATIONALLY

States help to enable brownfield properties to compete on an even playing field with greenfields through long-term funding commitments, providing an efficient regulatory program, and increasing or creating institutional capacity to address vacant properties.

## LONG-TERM FUNDING COMMITMENTS

Funding commitments that help overcome extra costs associated with site assessment, cleanup, demolition/site preparation, and delay.

### Cleanup/redev't tax credit

Income tax credit for site investigation and cleanup

States

FL IL IN KY MA NJ SC

Income tax credit for site investigation, cleanup, site preparation and redevelopment

CT IA MO MS NY

Program eligibility emphasizes:

Distressed areas

CT MA MS NY

Job creation

FL MO

Affordable housing

FL

Health care facilities

FL

Sustainable/green development

IA

Achievement of unrestricted use cleanup standards

MA NY

### Property tax incentives

Property tax abatement on improvement value to offset brownfield costs

AZ KY MD MO NY NC TX

Link state income tax credits to local property tax credits or abatements

KY MO

### Other incentive programs

Multi-year bond fund commitments to support grant/loan programs

CA OH PA

Job creation tax credit linked to brownfields area designation

FL

Sales and use tax exemptions

FL IL OK

Dedicated taxes to support grant or loan programs

OH MN NJ WA

State-facilitated tax increment financing for brownfields

KY MD MI MO PA TN WI

Dedicated state financing program

MN NJ OH OR WA

## REGULATORY PROGRAMS/POLICIES

Clear, efficient regulatory programs lead to clear liability protection and minimizes uncertainties.

### Licensed State Remediation Professionals (LSRP) Program

States

LSRP oversight to speed up cleanup and facilitate private investment

CT OH MA NJ

Designating eligible sites for independent cleanups (w/ different liability protection)

CA NC OR WA

### Adjusting/reducing liability barriers

Independent cleanup programs with liability protections similar to the federal Bonafide Prospective Purchaser Protections

AR DE GA KY LA  
MI OR SC UT VA

Liability exemptions that extend to third party and sometimes toxic tort protection

CT GA MA OR SC

Area wide groundwater protections

CT

Special protections for public agencies that acquire brownfields

CT MN NJ PA WI

## INSTITUTIONAL CAPACITY TO ADDRESS LONG-TERM VACANT/UPSIDE-DOWN PROPERTIES

A land bank is a non-profit legal entity separate from city authority with the resources and long-term perspective to acquire and reposition constrained, tax-delinquent, and abandoned properties. Many states have adopted land banking programs, but few are oriented toward brownfield redevelopment.

### Land banking

States

Allow communities to create non-profit land banks geared to addressing vacant properties, including vacant industrial-commercial properties

GA IN KY MI  
MO NY OH PA

### CASE STUDY: Massachusetts

For each \$1.00 of credits, MA's Brownfields Tax Credit has spurred \$2 billion in new investment, 7,110 direct permanent jobs (15,900 counting indirect jobs), and \$7.74 in direct state revenues (or \$13.56 in direct and indirect revenues).

### CASE STUDY: Ohio

The Cleveland Land Bank, established in 2005, is geared to re-positioning brownfields. An analysis of the land bank found that there was a 14% increase in land values for properties within 500 ft. of renovated properties.

### CASE STUDY: Connecticut

The number of sites completing cleanup tripled to 3,000 per year after the introduction of the LSRP program. Cleanup timelines were 33-50% faster than under the former regulatory program.