PUBLIC/PRIVATE FINANCING FOR BROWNFIELD REDEVELOPMENT

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PREFACE

The information presented here is intended to provide the reader with a general overview of the various issues related to funding brownfield redevelopment. The myriad of funding sources from both the public and private sectors cannot be presented in a way that captures all available funding sources and mechanisms. This overview is designed to present some of the more common aspects of funding mechanisms and sources, and the reader is encouraged to seek additional information beyond that provided here.

The information presented here was gathered from several sources including:


Additional information was gathered from publications of the U.S. Environmental Protection Agency and from the U.S. EPA’s and other federal agencies’ World Wide Web sites.
PUBLIC/PRIVATE FINANCING FOR BROWNFIELD REDEVELOPMENT

Brownfields are defined as abandoned, idled, or underused property in which redevelopment is complicated by real or perceived environmental contamination. Throughout the country, the revitalization of neglected inner city areas, the containment of urban sprawl, and the concern about environmentally contaminated property has prompted a groundswell of effort toward redeveloping brownfield properties into productive land. However, both urban and rural cities are faced with the problem of how to ride the wave of revitalization with only limited resources. Fortunately, the focus on brownfield redevelopment has created a variety of funding mechanisms and sources that municipalities can tap into to assist in community revitalization.

FUNDING MECHANISMS

Many federal agencies have created and implemented new programs for financing brownfield redevelopment, and have retooled existing programs to assist in the effort.

**Block/Formula Grants** — payments made by a Federal Government agency to States, counties, cities, or towns according to a statute-based or regulation-based formula. The allocation formula typically is based on the State’s or other recipient government’s population. Some block/formula grant programs require the government receiving the grant to allow residents to be substantially involved in developing plans for using grant funds.

**Direct Loans** — loans from a Federal Government agency to a borrower for a specific time period, with a reasonable expectation of repayment. Terms of the loan may or may not require the borrower to make interest payments.

**Environmental Liability Releases** — an environmental liability release is a benefit (concession) granted by federal, State, and/or local governments to owners or operators of facilities or businesses (including commercial real estate properties) that frees them from all or part of responsibility for environmental cleanup costs under federal, State, and/or local laws. These liability releases may be structured in advance for prospective purchasers of properties or negotiated between the public sector and private owners/developers with specified conditions delineating the extent of liability relief granted and the degree of private contribution to any planned and/or unanticipated cleanup effort. The most common types of environmental liability releases offered by State governments include covenants-not-to-sue, no-further-action letters, and certificates-of-release.

**Guaranteed/Insured Loan** — financial assistance from a Federal Government agency in which the agency indemnifies a private lender against the possibility that a borrower will not repay the loan.
**Industrial Development Funds** — Industrial development funds are special funds established by state and local governments for the purpose of improving real estate properties in order to make them suitable for industrial development. These funds are economic development tools that governments use to attract or retain industry. Industrial Development Funds may be structured as direct pass-through funds or as special purpose revolving funds. They draw funding through a variety of mechanisms including special property and other taxes, industrial development bonds, unappropriated surpluses in the controlling government's budget, and the proceeds from the sale of real estate and other property.

**Insurance** — financial assistance provided by a Federal Government agency to ensure reimbursement for any losses that may result from specified occurrences (such as a flood). Insurance coverage may be provided directly by a Federal Government agency or through a private insurance company.

**Project Grants** — payments made by a Federal Government agency to another government such as a State, county, or city or a private organization for a specific project or the delivery of a specific service or product. Project grants include, but are not limited to, demonstration grants, planning grants, technical assistance grants, and construction grants.

**Real Estate Investment Trust (REIT)** — REITs are funds comprised of revenues from private investors. REITs act as primary investors when purchasing property. When applied to brownfields, the REIT acts as the owner, thereby shielding investors from liability in excess of the investors’ initial monetary input.

**Rehabilitation Tax Credits** —

**Revolving Funds** — a revolving fund is a source of money that provides loans to specifies parties. The parties reimburse the fund for the loan amount plus interest. Through payback of principle and interest, the fund is able to maintain the same or increased levels of funding. Revolving funds are typically developed through revenue disbursement from a trust fund.

**Sale, Exchange, or Donation of Property and Goods** — an arrangement in which a Federal agency provides for the sale, exchange, or donation of Federal property or other goods including land, buildings, equipment, food, and drugs.

**State Grants** — state grants can provide communities with the funding needed for cleanup and development incentive packages within brownfield programs. Also, grants can be made from State trust funds for local establishment of revolving funds.

**Superfund Trust Fund** — the Superfund Trust Fund, also known as the Hazardous Substance Response Trust Fund, was established in 1990 to pay for cleanup and enforcement activities at waste sites. Superfund Trust Fund monies are also being used to fund brownfields national demonstration pilots as part of US EPA's Brownfields Economic Redevelopment Initiative. This dedicated trust fund has historically been financed primarily by petroleum excise taxes, chemical feedstock excise taxes, and environmental income taxes. The fund has also received monies
through cost recoveries from parties determined responsible for contaminating particular sites, penalties, income taxes, and interest income.

The Superfund Program has cleanup activities, short-term removal actions and/or long-term remedial actions, underway or planned for the approximately 1300 seriously contaminated sites on US EPA’s National Priority List. Actions at Orphan Sites, where no responsible party can be identified, are funded by the Trust Fund. The Trust Fund also funds actions begun at sites with responsible parties but prior to a final determination and acceptance of liability. USEPA always tries to identify those responsible for contaminating a site and then to make them pay for its cleanup. These responsible parties may include the site past and current owner(s) and operator(s), the original hazardous waste generator, and the transporters of hazardous waste to the site.

**Tax Abatements** — Tax abatement is a temporary moratorium on charging the usual tax rate on a new investment. It may take the form of a full or partial exemption from taxes such as tangible personal property and/or real estate. The exemption will only be in effect for a specific period of time such as five or ten years. The tax abatement granted might be restricted to new development in special designated areas such as empowerment zone/enterprise community, or it may be targeted on a case-by-case basis to particularly desirable individual development. Tax abatements are individually tailored regarding time and scope to allow the State or local government to calculate the exact cost of the tax change, and thus, the exact tax benefit offered as well. Tax abatements can make otherwise uneconomical projects attractive to property owners, developers, and financial supporters. These abatements can often provide a substantial incentive for all parties to participate in particular projects. If the new development is properly structured and successful, the community tax base will grow at a rate, and to a size, that more than offsets the loss of taxes due to the abatement.

**Tax Incentives** — tax incentives include a wide variety of mechanisms used to encourage redevelopment of brownfields through use of public taxation tools. These often take the form of tax credits or tax deferrals. By crediting or deferring taxes to be paid on property, income, or sales, governments can provide businesses with the incentives needed to create redevelopment opportunities for brownfields.

**Tax Increment Financing** — Tax increment financing is created through local government’s assessment of property values. Special assessments are made on properties that are expected to accrue particular benefits from a general improvement, or from and environmental activity, such as a cleanup. The incremental difference in tax revenues between the original assessment rate and the new, higher assessed rate is then used to finance the improvement activity.

**Transferable Development Rights** — In traditional transferable development rights (TDR) programs, rural property owners are allocated a specified number of TDRs in exchange for agreeing not to develop, or to limit development on their land. These mostly rural property owners are permitted to sell these TDRs to real estate developers, who are then permitted to use them to exceed zoning requirements on properties they own in other more developed areas. TDRs have been used by local governments to preserve land for agricultural uses, as forests, or as nature preserves. Since the landowners receive all funds related to the purchase of
development rights, existing TDR programs are either revenue-neutral or are operated at-cost to local governments.

**Trust Funds** — special accounts developed to receive and disburse revenues from taxes and/or fees for dedicated purposes. These funds differ from revolving funds in that they do not maintain funding capacity through payback of loans, but through new injections of revenue through taxes and/or fees.

**Voluntary Cleanup Programs** — State Voluntary Cleanup Programs are structured to address the environmental and financing problems associated with brownfields and other contaminated properties. These State programs seek to encourage the cleanup of such sites in a timely manner by eliminating many of the procedural and economic barriers to successful cleanup and reuse. They provide a variety of incentives for private companies and developers to voluntarily clean up sites. These programs set clear environmental standards and provide protection from future environmental liability. State Voluntary Cleanup Programs include oversight, review, and approval mechanisms to ensure that cleanup standards are met. While every program is unique, many contain most or all of the following elements: consolidated permits, financial assistance, land use-based cleanup standards, flexible and clear cleanup procedures, liability release mechanisms, professional certifications, proportional liability provisions, tax incentives, and voluntary agreements.
FEDERAL FINANCE SOURCES AND PROGRAMS

U.S. DEPARTMENT OF AGRICULTURE

Business and Industrial Loans (Business Assistance, Access to Capital, Economic Development)\(^1\)

Direct or insured loans assist public, private or cooperative organizations (for-profit or nonprofit), Indian tribes, or individuals in rural areas to improve, develop, or finance business, industry, and employment and to improve the economic and environmental climate in rural communities. Loans may be used for pollution control and abatement.


Community Facilities Loans (Infrastructure, Economic Development)

These loans may be used to construct, enlarge, extend, or otherwise improve community facilities that provide essential services to rural residents. Applicants may be city, county, and State agencies; political and quasi-political subdivisions of States; Indian tribes; and nonprofit associations.

**Contact:** Community Facilities Division, Rural Housing Service, U.S. Dept. of Agriculture, 202-720-1490, www.usda.gov

Empowerment Zones Program (Economic Development)

This program provides grants for establishing empowerment zones in rural and urban areas to stimulate new jobs creation for the disadvantaged and long-term unemployed and to revitalize economically distressed areas.


Intermediary Relending Program (Business Assistance, Access to Capital, Economic Development)

The Intermediary Relending Program provides direct loans to finance business facilities and community development. Eligible intermediaries included private, nonprofit organizations, cooperatives, State or local governments, and federally recognized Indian tribes.

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\(^1\) Parenthetical information refers to the targeted categories of assistance. Boldface type indicates primary category.
Rural Development Grants (Economic Development, Business Assistance)

These grants facilitate the development of small and emerging private business, industry, and related employment for improving the economy in rural communities. Eligible applicants are public bodies and nonprofit corporations serving rural areas such as States, counties, cities, townships, incorporated towns and villages, boroughs, authorities, districts, and Indian tribes on Federal and State reservations that will serve rural areas.


Rural Economic Development Loans and Grants (Economic Development, Business Assistance)

These direct loans and project grants promote economic development and job creation projects, including funding for project feasibility studies, startup costs, incubator projects, and other reasonable expenses to foster rural development.


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U.S. DEPARTMENT OF COMMERCE

Economic Adjustment Program (Economic Development, Infrastructure)

The Economic Adjustment Program helps States and local areas design and implement strategies for facilitating adjustment to changes in their economic situation that impact the underlying economic base. Such changes may occur suddenly (sudden and severe economic dislocation) or over time (long-term economic deterioration) and result from industrial or corporate restructuring, new Federal laws or requirements, reductions in defense expenditures, depletion of natural resources, or natural disasters. Strategy grants provide resources to organize and carry out a planning process tailored to the particular economic problems of the impacted area(s). Implementation grants may be used to support activities identified in an adjustment strategy approved by the Economic Development Administration. Implementation activities include creation or expansion of strategically targeted business development and financing programs, including grants for revolving loan funds, infrastructure improvements, organizational development, and market or industry research and analysis.
Local Technical Assistance Program (Technical Assistance, Economic Development, Equal Opportunity)

Grants awarded under this program are designed to assist in solving specific economic development problems, respond to developmental opportunities, and build and expand local organizational capacity in distressed areas. In responding to specific problems and opportunities, a local economic development organization might focus on military base and industrial plant closures, deteriorating commercial districts, and technical or market feasibility studies. Eligible applicants include public or private nonprofit national, State, area, district, or local organizations; public and private colleges and universities; Indian tribes; local governments; and State agencies.


National Technical Assistance Program (Technical Assistance, Economic Development)

Grants awarded under this program provide resources to intermediary organizations giving technical assistance to local, district, and State economic development organizations and for national demonstrations of innovative economic development techniques, including program performance measurement. Funded proposals include economic impact analyses and measurement; surveys of best practices in economic development tools; newsletters and reports on new developments and success stories in rural and urban economic development; and demonstrations of national significance in areas such as regional cooperation, improving competitiveness, better use of private capital, financial intermediaries, export development, technology infrastructure, and sustainable development.


Office of Business Liaison (Business Assistance, Economic Development, Technical Assistance)

The Office of Business Liaison serves as the primary point of contact between the Department of Commerce and the business community. Objectives of the office are to develop a proactive, responsive, and effective outreach program and relationship with the business community; inform the Secretary, the department, and administration officials of the critical issues facing the business community, inform the business community of resources, policies, and programs; provide outreach to the business community including arranging regular meetings and briefings with Department official; and guide individuals and businesses through the channels of the Federal Government with the Business Assistance Program.
Planning Program for States and Urban Areas (Economic Development)

Grants under this program assist economically distressed States, sub-State planning regions, cities, and urban counties to undertake significant new economic development planning, policymaking, and implementation efforts. Grants provide financial assistance to support significant economic development planning and implementation activities such as economic analysis, definition of program goals, determination of project opportunities, and formulation and implementation of a development program. Assistance under this program enhances economic development planning capability and continuous economic development planning processes and procedures and helps build institutional capacity. A grant award under this program is generally for a period of 12 to 18 months.


Public Works and Development Facilities (Economic Development, Community Building, Infrastructure)

Grants are provided to help distressed communities attract new industry, encourage business expansion, diversify local economies, and generate long-term, private sector jobs. Projects funded include water and sewer facilities primarily serving industry and commerce, access to industrial parks or sites, port improvements, and business incubator facilities. Proposed projects must be located within an EDA-designated Redevelopment Area or Economic Development Center.

U.S. DEPARTMENT OF ENERGY

Empowerment Zone/Enterprise Community Capacity Building Small Grant Program
(Community Building, Business Access, Economic Development, Environment, Infrastructure, Technical Assistance)

The program provides small grants (under $50,000) through an application process restricted to EZ/ECs to help communities develop comprehensive sustainable development plans and/or address specific problems in the implementation of their sustainable development plans. Funding can be used to assist communities in pursuing capacity-building projects or activities such as economic renewal training, design development sessions, industrial ecology training, visioning exercises, land-use planning techniques, and economic studies of the benefits of energy efficiency and renewable energy. Preference is given to EZ/ECs.


Small, Minority, and Women-Owned Businesses (Business Assistance, Technical Assistance)

This program enhances the U.S. Department of Energy’s partnerships with small, minority, and women-owned businesses; provides management and technical assistance; identifies barriers and obstacles to achieving contracting goals; and develops innovative strategies to increase business opportunities.


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U.S. ENVIRONMENTAL PROTECTION AGENCY

Brownfields Cleanup and Redevelopment Initiative (Environment, Business Assistance, Economic Development, Technical Assistance)

This program provides grants and technical assistance for addressing abandoned, idled, or underutilized commercial or industrial properties that are stigmatized by actual or perceived environmental contamination (brownfields). These grants are limited to State or local government entities for activities related to the environmental assessment of brownfields. EPA also provides technical assistance to communities and businesses working to address brownfields through a network of EPA regional brownfield coordinators located in the 10 major Federal regional centers.


Environmental Justice Community Grants Program (Environment, Community Development)

This program provides financial assistance to community-based/grassroots organizations that are working on local solutions to local environmental problems. Eligible applicants include community-based organizations, churches, tribal organizations, and other nonprofit groups.


Environmental Justice Through Pollution Prevention Grants (Environment, Community Development)

This program provides financial assistance to community-based organizations and tribal governments to create innovative pollution prevention projects to serve as models for other communities. This program funds projects that have a direct impact on the affected communities and may focus on pollution prevention, recycling, waste treatment, or waste disposal. Cooperative efforts with business and industry to address common goals are encourage. An organization could request up to $100,000 for a 3-year project.


EPA’s Smart Growth Network (Technical Assistance, Economic Development, Environment)

Smart Growth Network offers technical assistance to encourage more compact, pedestrian-oriented, center-city development and thereby slow the spread of urban sprawl. Assistance includes workshops on infill redevelopment; industrial ecology models; peer
matching among local government officials, economic development officials, and developers; fiscal impact and land-use modeling of new or redevelopment building deconstruction as an alternative to building demolition; modeling the air-quality benefits of infill; and limited scholarships to a number of regional smart growth conferences.


Rural Community Assistance Program (Technical Assistance, Environment)

RCAP is a national network of non-profit organizations that work to improve water and wastewater treatment facilities in rural communities, particularly those with low-income populations. RCAP provides communities with onsite technical assistance in needs assessment, financing, technology selection, operation and maintenance, management practices, system restructuring, and consolidation for achieving compliance.


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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Brownfields Economic Development Initiative (BEDI) Grants (Economic Development, Environment)

BEDI targets Economic Development Initiative (EDI) funds to brownfields projects. BEDI grants are made to local governments for use in supporting brownfield redevelopment activities and projects financed in whole or in part with Section 108 loan guarantees.


Community Development Block Grant Program (Economic Development, Access to Capital, Business Assistance, Community Building, Environment, Infrastructure)

CDBG provides annual formula grants to entitled metropolitan cities (50,000 or more people) and urban counties (20,000 or more people) and to States for distribution to nonentitled communities to carry out a wide range of community development activities: public facilities and improvements (streets, sidewalks, sewers, and water systems); public services for youths, seniors, or the disabled; crime reduction initiative; homeless and housing services; and direct assistance and technical assistance to for-profit businesses (including microenterprises).

**Community Outreach Partnership Centers** *(Economic Development, Business Assistance, Community Building, Environment, Infrastructure)*

COPC is a competitive funding program that provides funds to colleges and universities to form or expand centers for research, provide outreach activities, and exchange information focused on communities and neighborhoods.


**Economic Development Initiative** *(Economic Development, Access to Capital, Business Assistance, Environment, Infrastructure)*

EDI provides grants to be used in tandem with Section 108 guaranteed loans for economic revitalization projects. These grants will enhance the viability of such projects (through interest rate subsidies and debt service/operating reserves) and increase the likelihood that the Section 108 loans can be repaid from project revenue.

**Contact:** Financial Management Division, Office of Block Grant Assistance, U.S. Dept. of Housing and Urban Development, 202-708-1871, www.hud.gov

**Homeownership Zones** *(Housing, Economic Development, Infrastructure)*

This program provides seed money to cities and counties for large-scale revitalization and development of new single-family homeownership opportunities. Activities must benefit low- and moderate-income families, prevent or eliminate blight, or meet other urgent community development needs. Grantees may use funds to acquire property, build or rehabilitate housing, finance site preparation, provide direct financial assistance to homebuyers, provide homeownership counseling, and pay for project-related soft costs. Homeownership Zone activities revitalize distressed areas by converting vacant, abandoned, or blighted land and buildings into dynamic neighborhoods by developing single-family homes for a mix of income levels.


**Section 108 Loan Guarantees** *(Economic Development, Access to Capital, Business Assistance, Environment, Infrastructure)*

Under this program, HUD guarantees notes issued by units of general local government. Section 108 funds may be used to finance a wide array of economic revitalization and development activities which include housing and rehabilitation of privately owned buildings for residential purposes; expansion of for-profit businesses including equipment and physical plant;
financing and rehabilitation of low-income and public housing; acquisition, construction, or rehabilitation of neighborhood and community facilities; site improvement on community owned land which could be leased to a developer to carry out a commercial or industrial development project; site development including structural removal and land clearance; purchase of land or buildings for any authorized economic development use; and infrastructure development which can include street reconstruction and/or sewer system repairs.

**Contact:** Financial Management Division, Office of Block Grant Assistance, U.S. Dept. of Housing and Urban Development, 202-708-1871, www.hud.gov

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**U.S. DEPARTMENT OF THE INTERIOR**

**Appalachian Clean Streams Initiative** (*Environment*, Economic Development, Infrastructure)

This cooperative program with the U.S. Environmental Protection Agency and more than 70 public and private entities works to accelerate the cleanup of acid mine drainage from abandoned coal mines. The Office of Surface Mining provides grants for demonstration projects. The program funds state-identified stream restoration projects under priorities established by Section 403 of the Surface Mining Control and Reclamation Act of 1977.


**Historic Preservation Fund** (*Access to Capital*, Community Building, Economic Development)

This is a Federal matching grant program that encourages private and non-Federal investment in historic preservation efforts by providing grants to States, territories, Indian tribes, and National Trust for Historic Preservation. Funding is most often used to pay part of the costs of surveys and statewide historic preservation plans and to prepare *National Register* nominations, architectural plans, historic structures reports, and engineering studies. Fifty-nine fund awards have been made to States, territories, Indian tribes, and local governments and the National Trust for Historic Preservation. Activities funded include architectural, historical, and archeological surveys; nominations to the *National Register of Historic Places*; staff work for historic preservation commissions; design guidelines and preservation plans; public outreach materials such as publications, videos, exhibits, and brochures; training for commission members and staff; and rehabilitation or restoration of *National Register*-listed properties.

Rivers, Trails and Conservation Assistance (Environment, Community Building, Technical Assistance)

RICA helps citizens conserve rivers, establish trails, and provide outdoor recreational opportunities. The National Park Service (NPS), in partnership with citizens and State and local governments, is involved in the early phases of projects in establishing goals, resolving difficult issues, and reaching consensus about the future use and protection of important land and water resources, generally on non-Federal lands. The NPS has less involvement once a project reaches implementation stage. Assistance is provided to develop greenways and trails, protect river access and views, convert abandoned railbeds into trails, conserve open space, redevelop and restore mistreated resources, establish nonprofit organizations, and enact new ordinances.


Urban Park and Recreation Recovery Program (Environment, Community Building)

This program allows local communities to address urban recreational needs by awarding matching grants for the rehabilitation of critically needed recreation areas and facilities and development of improved recreation programs. Grant funding is targeted to local efforts that provide new, unique, or a more effective means to deliver a recreation service that can serve as a model for other communities; leverage Federal funds; provide neighborhood employment opportunities; promote environmental education; and benefit disadvantaged and distressed communities with the greatest recreational deficiencies.

**Contact:** Recreation Programs Division, National Center for Conservation and Recreation, U.S. Dept. of the Interior, 202-565-1133, www.doi.gov

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U.S. SMALL BUSINESS ADMINISTRATION

General Business Loan Guarantees (Section 7(a) Program) (Access to Capital, Business Assistance, Economic Development)

This program provides guaranteed loans to small businesses that are unable to obtain financing in the private credit market, but can show an ability to repay the loans. Participating lenders loan funds, and the SBA guarantees a portion of the loan. Guarantees can reach up to 80 percent on loans up to $150,000 and up to 75 percent on loans more than $150,000. The maximum loan amount covered is $750,000. Loan proceeds can be used for any legitimate business purpose such as construction, purchase of equipment, inventory, and working capital.

**Contact:** Loan Programs, U.S. Small Business Administration, 202-205-6490, www.sba.gov
Management and Technical Assistance Program (Section 7(j)) (Technical Assistance, Business Assistance)

This program provides management and technical assistance to eligible individuals and small business clients. U.S. Small Business Administration 8(a)-certified firms, socially and economically disadvantaged persons, businesses operating in areas of low income or high unemployment, and those firms owned by low-income individuals are eligible for 7(j) assistance. The program provides firms with accounting services, feasibility studies, marketing/presentation analyses, advertising expertise, loan packaging, proposal/bid preparation, and other specialized management training and technical services. An executive education training program is available to program participants.


Certified Development Company Loans (Section 504 Program) (Access to Capital, Business Assistance, Economic Development)

The 504 loans provide long-term, fixed financing at reasonable rates for small businesses that need to acquire land, construct buildings, or fund construction, expansion, renovation, modernization, machinery, and equipment. Loans have either a 10- or 20-year term. A lender provides at least 50 percent of the total require amount, up to 40 percent is provided by the SBA-Certified Development Company, and the borrower contributes 10 percent. SBA’s maximum guarantee is $1 million.

Contact: Loan Programs, U.S. Small Business Administration, 202-205-6490, www.sba.gov

Office of Business Initiatives (Business Assistance, Economic Development, Technical Assistance)

The Office of Business Initiatives administers programs and activities designed to provide information, education, and training to prospective and existing small business owners. The Office engages in cosponsorships with private-sector partners that are designed to provide small businesses owners with information, education, and training that is cost effective, of high quality, and reflective of trends in small business development. The Office develops and promotes innovative sources of outreach to small business owners designed to assist them in the startup, management, and growth. These sources include facilities, such as Business Information Centers, written materials, electronic bulletin boards, software, and other means of providing business development, business management, and business growth information.

Office of Minority Enterprise Development (Business Assistance)

This program provides business development assistance to socially and economically disadvantaged businesspersons to ensure opportunity to participate more fully and successfully in the mainstream national economy.


Section 8(a) Program (Economic Development, Business Assistance)

The Section 8(a) Program provides servicing, marketing support, Federal Government contracts, and other business development assistance to small companies owned by socially and economically disadvantaged persons. The Section 8(a) Program works to foster business ownership and the competitive viability of small firms owned by individuals who are socially and economically disadvantaged and to expand their participation in Federal procurement of equipment, products, and services.


Small Business Development Center (SBDC) (Business Assistance, Access to Capital, Technical Assistance)

The SBDC programs provide management assistance to current and prospective small businesses by providing a wide variety of information and guidance in central and easily accessible branch locations. SBA awards 57 cooperative agreements to institutions of higher education and State government institutions. The agreements, subject to 100-percent matching funds, are based on a population formula and range between $500,000 and $6 million.

Contact: Small Business Development Center Programs, U.S. Small Business Administration, 202-205-6766, www.sba.gov/sbdc

Small Business Investment Companies (SBIC) (Access to Capital, Business Assistance, Economic Development)

SBIC helps to fill the gap between the availability of venture capital and the needs of small businesses in startup and growth situations. SBICs, licensed and regulated by the SBA, are privately owned and managed investment firms that use their own capital, plus funds borrowed at favorable rates with an SBA guarantee, to make venture investments in small businesses. They provide equity capital, long-term loans, debt-equity investments, and management assistance to qualifying small businesses. Their incentive is the chance to share in the success of the small business as it grows and prospers. Specialized SBICs, also known as 301(d) SBICs, invest in
small businesses owned by entrepreneurs who are socially or economically disadvantaged, primarily members of minority groups.

Contact: Investment Division, U.S. Small Business Administration, 202-205-6510, www.sba.gov/inv/

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U.S. DEPARTMENT OF TRANSPORTATION

Livable Communities Initiative (LCI) (Infrastructure)

LCI focuses on helping communities use comprehensive, community-based planning to create customer-friendly, community-oriented, and well-designed transportation systems. Transit enhancements are funded through various U.S. Department of Transportation programs, including Intermodal Surface Transportation Efficiency Act (ISTEA), public and private partnerships, and other Federal programs.


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U.S. DEPARTMENT OF TREASURY

Brownfields Tax Incentive (Economic Development, Environment)

The Brownfields Tax Incentive allows property owners and purchasers to deduct certain environmental remediation costs as a business expense rather than capitalizing them as a property improvement. This provision benefits taxpayers by reducing their present tax liability. The incentive reduces the cost of environmental remediation, thereby prompting cleanups and redevelopment of brownfields in distressed areas. Eligible areas must be approved by the State agency responsible for brownfields redevelopment.


Community Development Financial Institutions (CDFI) Funds (Access to Capital, Community Building, Economic Development)

The CDFI fund was created to expand the availability of credit, investment capital, and financial services in distressed urban and rural communities. By stimulating the creation and expansion of diverse CDFIs and by providing incentives to traditional banks and thrifts through the Bank Enterprise Awards Program, the fund’s investments work to build private markets,
create healthy local economies, promote entrepreneurship, restore neighborhoods, generate local tax revenues, and empower residents. The CDFI Fund also provides small infusions of capital to institutions serving distressed communities and low-income individuals.


FINANCE RESOURCE CENTERS

Environmental Finance Centers

The Environmental Finance Centers (EFCs) provide state and local officials with advisory services; education, publications, and training; technical assistance; and analyses on financing alternatives.

EFCs pursue various avenues of education and training such as offering short courses on environmental finance for state and local officials, as well as graduate-level educational courses through regular university curriculum. The EFCs at both the University of New Mexico and the University of Maryland have developed environmental finance courses for state and local officials and graduate students. The EFC at the University of New Mexico is also developing and utilizing a public-private partnership training module for state and local government officials. In addition, EFCs develop and publish case studies about innovative financing techniques, as well as serve as clearinghouses for regional and state information on environmental financing and program management.

EFCs provide technical assistance and analyses to state and local governments and the private sector on managing and financing environmental infrastructure. For example, the Syracuse University EFC is developing case studies on how New York communities prioritize environmental activities using risk and finance considerations. The University of New Mexico Center is researching and developing financing strategies for the long-term viability of environmental infrastructure on the U.S.-Mexico border. The California State University at Hayward EFC is developing public-private partnership models for financing environmental activities, emphasizing the participation of small and medium sized businesses. The EFC at Cleveland State University is focusing on brownfield redevelopment, especially the availability of financing and tools/incentives to spur investment in abandoned industrial and commercial sites. And, the EFC at Boise State University is researching drinking water systems viability and paying for environmental mandates.

Centers and Contacts:

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TAX DELINQUENT PROPERTIES

To Be Developed

PRIVATE FINANCE SOURCES

Banks/Lending Institutions

Community Reinvestment Act

The Community Reinvestment Act, enacted by Congress in 1977, is intended to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods, consistent with safe and sound banking operations.

[Other Programs?] Foundations

To Be Developed

Land Reclamation Banks

Land reclamation banks are publicly funded or capitalized trust funds that actively acquire, manage, assess, cleanup, and develop properties, including brownfields, on behalf of a State or local government. These banks may be financed in wide variety of ways, including tax-increment financing, land transfer taxes, land registration fees, and property sales and leases. Land reclamation banks may take title to properties via tax foreclosure, eminent domain, or purchase. Once properties are cleaned up and developed, the bank sells or leases them to generate income for future development projects.

Land reclamation banks combine planning, financing, management, cleanup, and redevelopment functions in a single organization allowing local efforts to be focused. Land reclamation banks may elect to assume environmental and financial liability risks that the private sector is unwilling to bear.

Land Recycling Companies

Land Recycling Companies are 501(c)(3) non-profit organizations that seek to provide an innovative and energetic response to the problems of potentially contaminated brownfields properties that affect communities across the country. These organizations identify brownfields properties, serve as information clearinghouses, and seek to bring together members of the communities, government agencies, financial institutions, and the other private parties necessary to make brownfields redevelopment work. Land Recycling Companies may also help finance brownfields assessment and cleanup activities.
These types of companies can bring innovative and flexible approaches to brownfields assessment, cleanup, and redevelopment. They offer the opportunity to leverage not only their own environmental expertise and financial resources, but also the public and private resources that they may attract to specific brownfields projects.
# APPENDIX

## Federal Finance Sources and Programs: Primary Category of Assistance

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