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Private developers can benefit from brownfields grants, too — here's how

What to know: Brownfields grants can provide a valuable source of funding for private developers, even if they aren't directly eligible to be grantees. Often, developers work with local governments or tribes to secure funding, benefiting them, the local grant recipient, and their shared projects.

State and federal brownfields funds are available to tribes, states, cities, and counties, but they also provide an important source of funding for private developers. With perhaps the exception of open space, redevelopment projects are fundamentally public-private partnerships — meaning that private entities often work with their public partners to secure funding and, in the process, strengthen their project's chances of success.

For private developers, time is money — particularly early in a project, when they make significant investments with the hope of seeing returns once development has taken root. Brownfields funding may therefore not work for projects under a tight redevelopment timeline. However, private developers that are willing to move in step with grant timelines can see significant benefits from brownfields grants. They can approach a local government, economic development corporation, or tribe and request that these entities apply for brownfields funds to use on the site they wish to develop. All grantees benefit because having a pending redevelopment proposal strengthens their funding application.

HALEY ALDRICH

Brownfield funding at work: A public-private partnership revitalizes an abandoned mill

This situation has propelled redevelopment at a former mill since the late 1990s. For more than 20 years, the 50-acre Champion Mill site sat vacant along the banks of the Clark Fork River in Missoula, Montana, directly across from the city's core financial district and next to its baseball stadium. Fears of contamination from solvents, pentachlorophenol, petroleum, and asbestos stymied private and public investment at the site.

Fortunately, the Millsite Revitalization Project, a local developer, saw the former mill's potential, envisioning a plan to redevelop the site with a park, shops and restaurants, and office space. That developer approached the city with a proposal: It would redevelop the site if the city would apply for assessment and cleanup funds from the U.S. Environmental Protection Agency (EPA) to reduce overall up-front costs. In return, the developer would purchase the property and deed the city 12 acres along the Clark Fork River for a public park.

In the late 1990s, the city of Missoula won a $200,000 EPA brownfields assessment grant, the result of submitting the first application from Montana in the history of the Brownfields program. It used the funds to assess the former Champion Mill. This project is now heralded as an example of how private development can catalyze a local brownfields program that is still viable nearly 30 years later, as additional phases of redevelopment continue.

As happens with many brownfields programs, that first $200,000 grant was the first of many. Over a period of 10 years, the city received an additional $400,000 EPA brownfields assessment grant, a $200,000 EPA cleanup grant, a $1 million EPA revolving loan fund grant, and nearly $750,000 of American Recovery and Reinvestment Act funds by showcasing the former mill site in its grant applications. As the development proceeded, the city created a tax increment finance district (TIF) to support infrastructure development, with the mill as its anchor.

Public-private brownfield redevelopment partnerships pay off

Neither the city nor the developer could have made this project a reality without the other. Beyond written agreements, what made the project possible was that the developer and the city trusted each other and were willing to stay the course. The city was able to create a new park and will receive taxes for years to come on a site that was once vacant and decaying. The developer could tap into TIF funds to reduce financial exposure during predevelopment. Today Missoula residents and visitors gather in Silver Park for a picnic or to launch their boat or paddleboard into the Clark Fork River. The baseball stadium is thriving, and nearly 80 percent of the former mill property has been redeveloped into student housing, apartments, condominiums, bars, restaurants, bakeries, and office space, which collectively make up the Old Sawmill District. Additional phases of the development move forward each year; it is estimated that by 2030, the $250 million development will be complete, creating more than 200 jobs and generating hundreds of thousands of new tax dollars each year.

Takeaway for private developers: Look for federal and local sources of funding

The lesson here for anyone working on brownfield redevelopment is that developers burdened by an environmental issue should contact their state or regional EPA brownfields staff to understand what assessment or cleanup funds could be used on their target site(s). Developers can also seek out local economic development corporations, tribes, or local governments and determine whether they would be willing to highlight the developer's site in a grant application for assessment or cleanup funding. Federal assessment funding can be spent on a site with no match required by the landowner, and cleanup funds require only a 20 percent match, either cash or in kind. State requirements will vary, which is why early conversations are advisable.

Private developers may find that community development personnel at the local and tribal levels will welcome their interest, potentially forging a public-private partnership that can revitalize their community and benefit everyone involved for years to come.