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Moving forward with Brownfield redevelopment in 2012 with new programs

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From Danbury to Waterbury, Killingly to Bridgeport, Connecticut's landscape is changing. The neglected and abandoned manufacturing complexes, relics of Connecticut's manufacturing past, are undergoing a transformation. While the development is not on a grand scale, significant progress is occurring. Connecticut, recognizing the need to restore these properties and to thwart other properties from falling into a similar abyss, has embarked on a new program designed to stimulate Brownfield development.

During Spring of 2012, the Connecticut Departments of Economic and Community Development (DECD) announced round two of funding availability for the grants and loans. The purpose of the program is to provide below market rate loans to project developers and grants to municipalities. These funds can be used for environmental assessment, investigation and remedial action and to remediate contaminated sites for reuse and redevelopment. Approximately \$8.7 million in loans and \$7.5 million in grants were awarded for projects encompassing commercial and industrial remediation and expansion; housing; transit oriented and mixed-use developments with hotel, residential and retail space. Norwalk, New Britain, Hartford, New Haven, Shelton, Griswold, Meriden, Plainville, Stamford, Cheshire and Stratford are among the municipalities benefiting from these funds.

In addition, the state issued a request for proposals from developers who may be interested in purchasing and redeveloping state owned brownfields in Groton, Waterbury, New Haven, Newtown and Newington. These properties have been recognized by the state as Brownfields, but given each one's location and potential community benefits, such sites are ready for a fast track redevelopment. The selected properties will be remediated, pre-permitted through the state process and then sold to the successful developer.

These funding programs incent such development and are long overdue. Projecting development costs for Brownfields is uncertain as the contamination must be delineated before remedial alternatives and development are priced. And, brownfield sites have hidden infrastructure costs (e.g., asbestos, PCBs). Typically, the property is upside down, meaning the cleanup costs exceed the value of the property, making conventional financing problematic. The state, recognizing this hardship, developed financial programs (grants, loans, tax abatement, tax credits and tax increment financing) to provide funding for assessments and remediation. Funding goes directly to businesses and developers and can be used for environmental assessment, planning, design, remediation, and demolition.

With new laws, liability is also capped. The abandoned Brownfield cleanup program offers developers of abandoned properties, who are not responsible for contamination, liability protection from addressing off-site contamination provided that the projects meet certain economic

development thresholds and remediation is completed under a voluntary program. In addition, a new program was developed to offer liability relief to purchasers of non-abandoned properties. To encourage owners of Brownfield sites to no longer mothball the property and sell it, the prior owner will be granted liability relief for onsite contamination once the property is remediated by the new owner. To be eligible, an applicant must be innocent and have purchased the property after the contamination occurred or be an abutting owner. Eligibility is also restricted to certain properties and those fitting certain criteria including geographic distribution and project diversity. Once accepted, remediation must occur within eight years. The Connecticut Department of Energy and Environmental Protection (DEEP) approvals and audit will be on an accelerated schedule so the applicant may move faster, efficiently and with certainty.

These programs provide the funding available to defray the costs and tackles liability to minimize risk. However, one piece of the Brownfield puzzle remains missing. DEEP is currently undertaking a comprehensive reform of its remediation programs including the regulations that determine the standards for property cleanup. Called the Remediation Standard Regulations, DEEP recently announced proposed new regulations, including standards relating to petroleum hydrocarbons. DEEP will hold public information sessions on September 20 and 26, at its headquarters in Hartford, Conn. The formal public hearing will be held on October 25. This is a very important initiative to the State and the success of Brownfield redevelopment. These changes need to provide clear and unambiguous requirements so that developers, owners and municipalities clearly understand the process.

The state has embraced financial assistance, limitations on liability and streamlining so that the economic and community value of these properties is restored. With these new laws and the governor's support, novel opportunities are created for Brownfield redevelopment. Albeit one step at a time is being taken, but at least Conn. is moving ahead with several steps.

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