

welcome

Weston & SampsonSM

transform your environment



Funding the Cleanup of Contaminated Properties

October 29, 2022

10am – 11am

Presented by:

Brendan Callahan, City of Peabody

Tom Devine, City of Salem

Alan Peterson, U.S. EPA

George Naslas, Weston & Sampson

Sarah DeStefano, Weston & Sampson

Speakers



Alan Peterson
U.S. EPA



Tom Devine
City of Salem



Brendan Callahan
City of Peabody



Sarah DeStefano
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George Naslas
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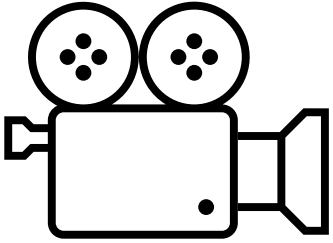
Joanna Nadeau
Weston & Sampson

Agenda

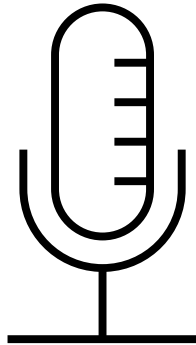
- Welcome & Introduction
- What are Brownfields
- Resources to Support Brownfields Redevelopment
- Peabody-Salem Revolving Loan Fund (RLF) Program
 - Eligibility Criteria
 - RLF Application Process
 - Cleanup Related Uses of RLF Funds
- Questions & Answers



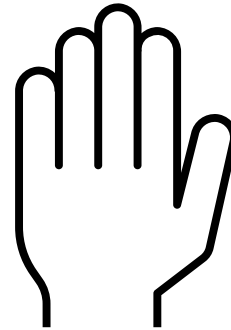
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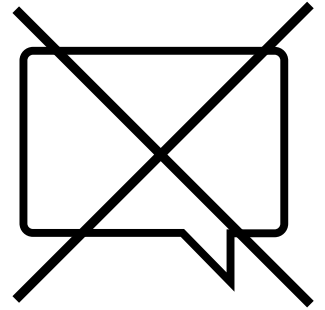
we're recording!



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raise your hand



Zoom Chat

*Use Slido
for questions and
comments*

SLIDO

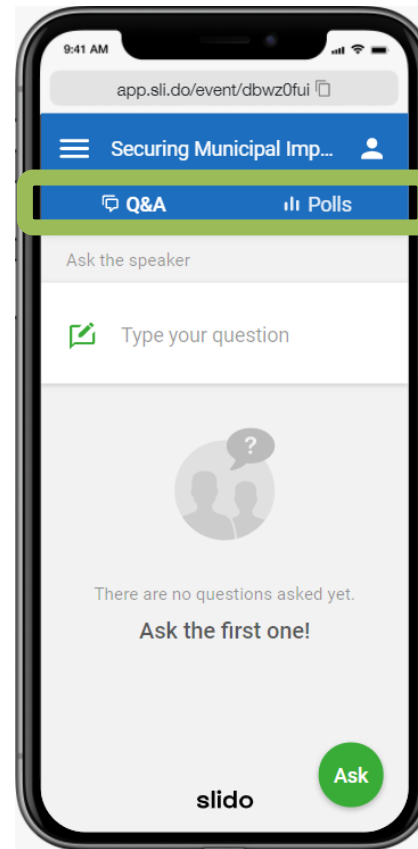
Open a web browser

Type in slido.com

Enter code: **PSRLF1**

Joining as a participant?

Enter code here



You can move between the Q&A tab and the polls tab!



Did you know the cities of Peabody & Salem had funding to assist developers in the cleanup and redevelopment of contaminated properties?



**What is the most
challenging aspect of
redeveloping a
contaminated property?**

① Start presenting to display the poll results on this slide.



**Have you participated in
the redevelopment of a
contaminated property?**

What are Brownfields?

“ Real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant. “



Brownfields are Opportunities



Before



After

Brownfields do not include:

- Listed or proposed for listing on the National Priority List (NPL) / Superfund;
- Subject of planned or on-going removal actions;
- Subject of an administrative or court order under solid and hazardous waste laws;
- Subject of corrective actions or closure requirements; or
- Federal owned land / facility.



Resources to Support Brownfields Redevelopment

- MassDevelopment
- Massachusetts Brownfields Tax Credit
- Massachusetts Tax Increment Financing
- Salem Business Loan & Housing Development Programs
- Peabody Community Development Authority Business Loan Program & Housing Development Incentive
- EPA Brownfields



MassDevelopment

Brownfields Redevelopment Funds

- Located in EDA
- Not responsible for contamination
- Proposed redevelopment must result in one of the following benefits:
 - Job creation or retention
 - Economic or physical revitalization
 - Create / rehabilitate housing
- \$100K Assessment
- \$500K Remediation

Site Readiness Program



MA Brownfields Tax Credit (BTC)

- Site located in Economically Distressed Area (EDA)
- Cleanup completed in compliance with MassDEP standards
- May apply to MA DOR for tax credit equal to 25% or 50% of cleanup
- Cleanup must begin on or before August 5, 2023
- Cleanup must equal or exceed 15% of assessed value of property before cleanup
- Maximum tax credit amount limits
- Any unused credits may be carried forward for the next 5 tax years or transferred

MA Tax Increment Financing (TIF)

- Direct upfront benefit to a Developer in the form of tax breaks
- A tax increment = the difference between assessed value of the target property in the beginning or “broken-down” state and the assessed value going forward in time, as the planned improvements take shape
- The tax increment, calculated by the local Assessor, is the tax on the added value of new construction, rehabilitation or new equipment or machinery
- Municipalities may grant property tax exemptions to landowners of up to 100% of the tax increment for a fixed period

Salem – Housing Development Incentive Program

- MA DHCD incentive to expand housing in Gateway Cities, adopted locally
- State credit up to 10% of rehab expenses, capped at \$2M
- Requires local Tax Increment Exemption Agreement



Salem – Business Loan Program

- Low interest loans to bridge gap between funds needed for economic development project and conventional funding
- Funds for acquisition, construction, or rehab or property or for capital purchases
- Typically limited to \$50,000 per enterprise



Peabody –Community Development Authority (CDA) Business Loan Program

- A flexible source of below-market, low-interest loans for commercial and industrial projects
- Loans for equipment, land and/site acquisition, construction and redevelopment
- Bridges the gap between cash assets of a small business owner and the equity requirements needed to obtain a commercial loan from the bank

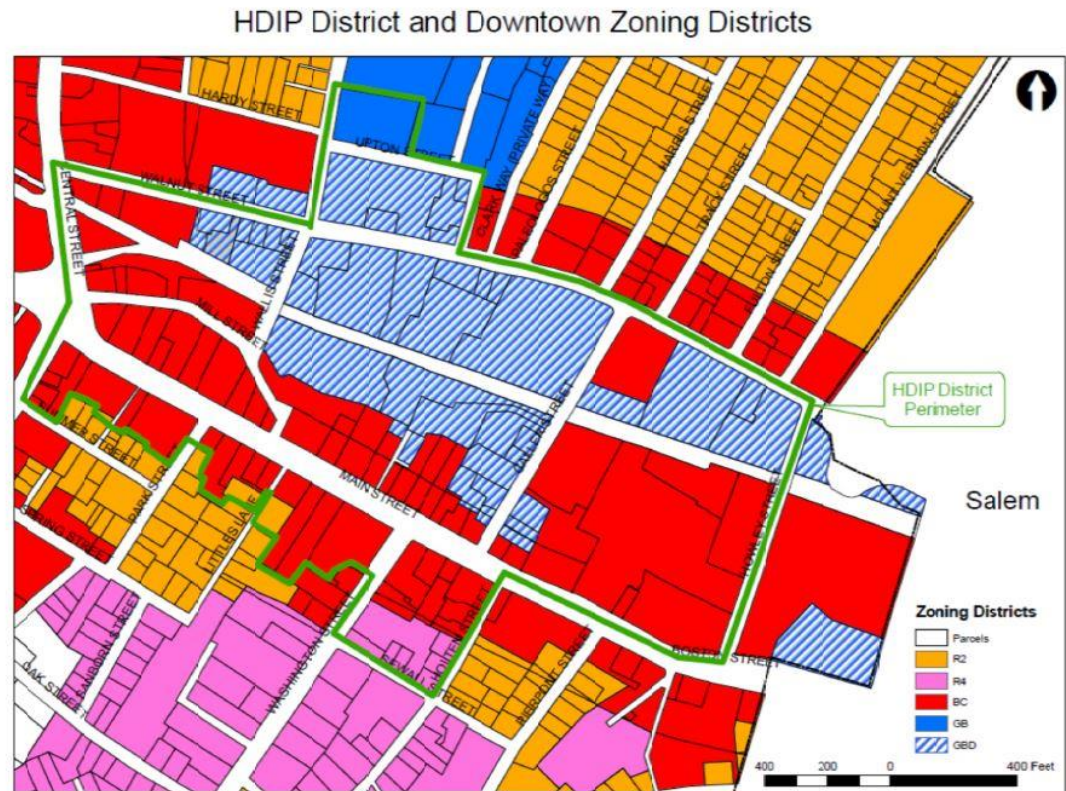
Types of Projects:

- **Commercial Real Estate Development:** Development projects in which 100% of the net usable building floor area will be utilized for retail, office use or housing. Project may be new construction and/or redevelopment.
- **Mixed-Use Real Estate Development:** Development projects that include a mix of retail and/or office uses and housing. Retail and/or office uses must occupy the street-level floor. Projects must conform to the City's Zoning Ordinance.
- **Industrial Real Estate Development:** Development projects that will include some or all of the following activities: Manufacturing, Assembly, Warehousing and Distribution

Peabody – Housing Development Incentive Program (HDIP)

Downtown/North River Corridor HD Zone

- Address deteriorated or obsolete, and architecturally altered buildings.
- Address vacant available land and potential development and redevelopment sites
- Actively encourage more housing and mixed-use redevelopment
- Provide for diversity of commercial and institutional services
- Facilitate ground floor commercial uses and upper floor commercial and residential uses





Which of these funding programs have you used?



EPA Brownfields Program



Assessment Grants funding for brownfield inventories, planning, environmental assessments, and community outreach

Cleanup Grants funding to cleanup brownfield sites owned by the applicant

Revolving Loan Fund (RLF) Grants funding to capitalize loans that are used to clean up brownfield sites

Multipurpose (MP) Grants funding to conduct assessment and cleanup activities at one or more brownfield sites in a target area

*2021 Bipartisan Infrastructure Law –
Infrastructure Investment and Jobs Act (IIJA)*
Historic \$1.5 Billion Investment in Brownfields

Brownfields Revolving Loan Fund (RLF)

Provides the essential “gap” financing for the cleanup / remediation component of a redevelopment project that traditional financing generally doesn’t cover



Peabody Salem RLF Goals



- Bring brownfield properties back to productive and beneficial reuse for the community
- Increase the Local Tax Base
- Promote Economic Development
- Create Jobs for the Community
- Create Recreational Opportunities / Other Non-Profit Uses for Public
- Protect Human Health and the Environment

Peabody-Salem RLF Incentives



- Below market interest rates
- Flexible repayment terms to meet needs of borrower
- No penalty for early payoff
- Can be used in combination with other financing sources
- Disbursement of loan funds are through reimbursement process

RLF Eligibility Criteria

Hazardous Substances / Co-mingled Contamination

- ***Cannot be liable under CERCLA 107***
 - ***Current Owner / Operator***
 - Phase I ESA
 - Involuntary acquisition of land by state / local govt. (i.e., tax delinquency / eminent domain / abandonment)
 - Hazardous Building Materials (HBM)
 - ***Not owner/ operator at time of disposal***
 - ***Did not arrange for disposal / transportation of Haz. Sub. to property***

Petroleum Contamination

- ***Relatively low risk***
- ***Applicant not liable***
- ***No financially viable responsible party to pay for cleanup***
- ***State (MassDEP) eligibility determination – Cities can assist with that process***



RLF Eligibility Criteria

BORROWER ELIGIBILITY

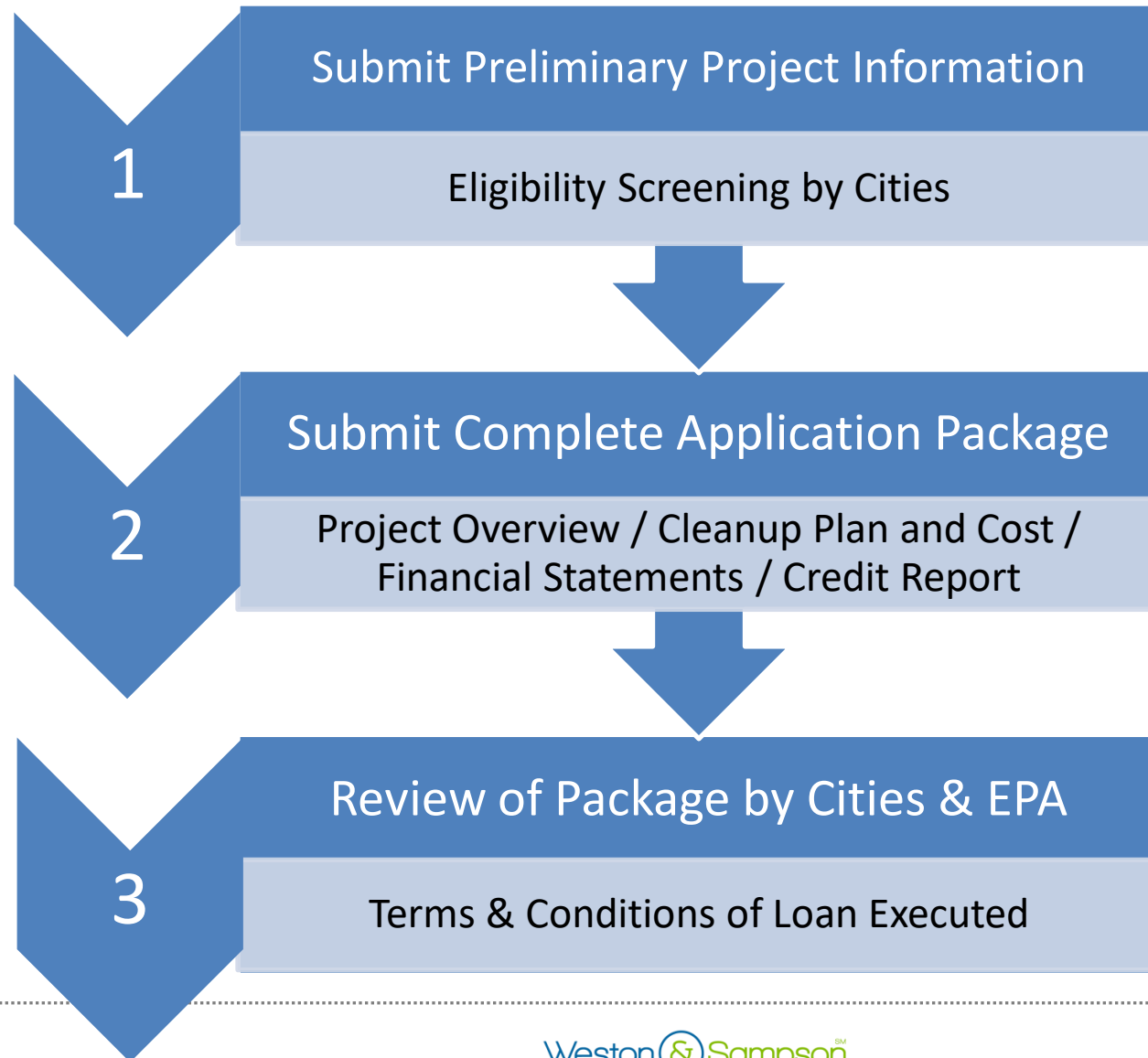
Non-profit organization or private for-profit developer

Twenty percent (20%) cost share

Cost Share can be in the form of cash or other funds / labor / material or other services (cannot be from another federal source – except HUD / CDBG)

Own the subject property or have long-term site control

RLF Application Process



Cleanup Related Uses of RLF Funds



- Excavation, Consolidation and/or Disposal of Contaminated Soils
- UST / drum / source removal
- Hazardous Building Material (HBM) Abatement
- Capping Contamination
- Confirmation Sampling and other Assessment Activities Necessary to the Cleanup Process or Plan
- Site Monitoring

Additional Eligible Uses of RLF Funds

- Site Preparation & Controls - Fences / Erosion and Drainage controls / Signs
- Remedial Engineering & Design Costs
- Oversight of Cleanup Activities
- Other Remediation Expenses
- Environmental Insurance
- Public participation costs
- Regulatory Cleanup Documentation



Ineligible Uses of RLF Funds



- Pre-cleanup assessment activities (Phase I ESA / Phase II ESA)
- Construction / demolition and development activities NOT related to cleanup
- Penalties or fines
- Costs of complying with other Federal laws other than those related to the cleanup
- Federal cost share or matching requirements



Which of these funding programs might be beneficial to you?

Brownfields Redevelopment Summary

- Brownfields are terrific development opportunities
- Conduct your due diligence prior to acquisition
- Funding and resources are available to make your project viable
- Start early and evaluate funding resources as part of project planning process



Questions / Answers



TO LEARN MORE, CONTACT:

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RLF funded through the U.S. Environmental Protection Agency



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An aerial photograph of a town, likely Salem, Massachusetts. A large, undeveloped brownfield site is visible in the center, bordered by a river. The surrounding area includes residential houses, commercial buildings, and a parking lot. The text "thank you" is overlaid in large, bold, black letters.

thank you

<https://www.salem.com/planning-and-community-development/pages/salem-peabody-coalition-brownfields-revolving-loan-fund>

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