



*Department of Environmental Quality  
Brownfields Program Introduction  
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# *What is a Brownfields Property?*

- NC DEQ retains the standard definition: “Abandoned, idled, or underused property where redevelopment is hindered by real or perceived environmental contamination.”
- The NCBP is a voluntary program: Prospective Developers (PDs) must apply into the program
  - Sites are made safe for reuse – Land Recycling
  - Reuse brings public benefits – Jobs and Local Tax Base
  - Avoids development of “greenfields” – Reduces Sprawl
  - Job creation and economic development

# *Brownfields Property Reuse Act of 1997*



- Established the NC Brownfields Program (NCBP) as a voluntary program
- Program process ensures full protection of public health and the environment
- Outcome: Brownfields Agreement (BFA) negotiated with PD
- Provides the following significant benefits:
  - Liability Protection
  - Risk-based decision making to include land use restrictions and reasonable mitigation and possible cleanup measures
  - Property Tax Incentives on improvements
- NCBP is funded through a mixture of fees from PDs and federal EPA grants.
- NCBP's economic development benefits have come at no appropriated cost to the state.

# NC DEQ Brownfields Agreements

- Does not affect the State's ability to enforce against any responsible party
- Available ONLY to PDs who:
  - Did not cause or contribute to site contamination
  - Follow the Brownfields Agreement to make the site suitable for reuse and protect public health and the environment
- Can be completed in anticipation of redevelopment/sale to third party developer
  - This is a GREAT marketing tool to attract private development \$\$\$
- By the Numbers:
  - Nearly 600 BFAs across the state
  - Over 200 BFAs in progress
  - Over \$17 billion dollars in economic development since NCBP's inception

# Components of a BFA

- Work to be performed
  - As required to protect public health & the environment
  - Completed by Prospective Developer (PD)
  - Can be funded using EPA Grants
- Land Use Restrictions
  - Determined based on site-specific risk assessment
  - Apply to all future owners
  - Allows for greater municipal control of end land use
- Liability Protection – Great Attraction for Developers
- Statutory Reopeners
  - Violation of a land use restriction
  - Accurate information was not given to Program
  - New information raises risk to unacceptable levels

# Liability Protection

- A BFA is designed as a tool for developers to remove uncertainties in environmental liability. Properties with BFAs in place can be viewed as assets for investment rather than uncertain environmental liabilities.
- Some specific benefits:
  - The BFA provides strong liability protection in the form of a covenant not-to-sue that can be shown to a lender in order to obtain project financing
  - The liability protection in the BFA passes on to all new owners so long as they adhere to the land use restrictions (e.g. don't use the groundwater). This can be a selling point for the property



# Liability Protection

Continued...

- The site remedies under the program are designed to prevent exposure and make the site suitable for reuse, not to meet environmental standards required of the site polluter in traditional cleanup programs. Thus, they are less costly and less time consuming, particularly with respect to groundwater remedies;
- Since remedies are put in the agreement up-front and therefore represent known costs, a business decision can be made with much reduced uncertainty;
- A BFA can be obtained reasonably quickly, typically in much less time than closure for most other cleanup programs.



# Tax Incentives

- Local (City and County) Property Tax Partial Exclusion on Improvements (NCGS §105-277.13)
- Phased in over 5 Year Period
  - Year 1 - Assessed at 10% of improved value
  - Year 2 - 25%
  - Year 3 - 50%
  - Year 4 - 75%
  - Year 5 - 90%
- Each qualifying Brownfields improvement (each development phase) has its own five-year partial tax exclusionary period.
- This benefit typically more than pays for (or at least offsets) site environmental assessment, risk mitigation, or cleanup activities that the developer may need to conduct under the agreement.



# *Federal & State Brownfields Roles*

## Federal Role

- **Funding to States:**
  - NC Brownfields Program - \$750K (2017-2018)
  - Moving to 5-Year Grant Cycle
- **Competitive Funding to Local/Regional Gov't**
  - \$3,395,000 to NC 2018/+Job Training Grant

## State Role

- **Liability Protection to PD – Covenant Not to Sue**
- **Guidance for Safe Redevelopment**
  - Brownfields redevelopment/public benefits
  - Deed recordation – runs with land
- **Tax Incentives to PD**



# *Regulatory Coordination NC DEQ & EPA Brownfields*

- NCBP presence at EPA workshops & training events
- EPA preference that brownfields sites enter the NCBP
- Separate eligibility process for State & EPA
- NCBP reviews assessment/QAPP documents – NCBP acts as a technical resource
- NCBP provides input to Phase II ESA Scope of Work
- NCBP negotiates with PD & coordinates with EPA on assessment & cleanup issues
- EPA grants have spurred redevelopment on numerous brownfields properties in both rural and urban communities; however, obtaining a grant is not necessary to participate in the NCBP.

# *EPA Grants and Other Resources*

- EPA's Colleges/Underserved Community Partnership Program (CUPP) that provides technical assistance from learning institutions. You can learn more about CUPP through the attached information packet that includes information about CUPP and some example community projects and at <https://www.epa.gov/environmentaljustice/collegeunderserved-community-partnership-program>.
- EPA small Technical Assistance Grants (TAG) to communities through the state Brownfields Programs, currently, one grant is awarded per state, in the amount of \$20,000 and is intended for technical advisory support or market research funding. Last year's TAG community in North Carolina was the Town of Mayodan, and the state submitted an application on its behalf. If your community has need for such assistance as outlined on the EPA website, please contact us or go to <https://www.epa.gov/superfund/technical-assistance-grant-tag-program>.



# *EPA Grants and Other Resources*

- NJIT TAB - <https://www.njit.edu/tab/new-homepage>
- Support Letters – Section IV.D.8 of the EPA Assessment Grant Application Guidelines requires that an application be submitted with a current letter from the state “environmental authority acknowledging that the applicant plans to conduct assessment activities and is planning to apply for FY20 federal brownfields grant funds.” Please contact one of the EPA liaisons listed below to request your support letter prior to application submittal to EPA.
- View recent Successful Grant Applications to see downloadable samples of recent successful grant applications.



# Raleigh's Warehouse & Historic Depot District Redevelopment Area



- 15 Brownfields Redevelopment Sites
- Raleigh Historic Warehouse and Depot District, the city's industrial and commercial railroad and warehouse distribution hub from the 1850s to 1950s.
- Investment of more than \$1 B and Brownfields Tax Exclusion value of over of \$25 M
- Transformation of blighted warehouses and underutilized properties to a regional mass transit hub, growing concentration of galleries, studios, restaurants, nightlife, innovative businesses and residences



# Raleigh's Warehouse & Historic Depot District Redevelopment Area

- **Contemporary Art Museum (CAM) Raleigh**
- **BFA, recorded in 2011, critically important to address liability concerns**
- **Funding the redevelopment effort:**
  - 2005: City of Raleigh commits \$1 million
  - 2006: CAM joins NC State's College of Design "Art + Design in the Community" Initiative, Clearscapes and Pugh + Scarpa begin design
  - 2007: Slick Family Foundation - \$600,000 grant
  - 2008: Goodnight Educational Foundation - \$500,000 grant
  - \$3.5 million – representing over 50% of the cost -- through a combination of NC & federal historic and New Markets tax credits.



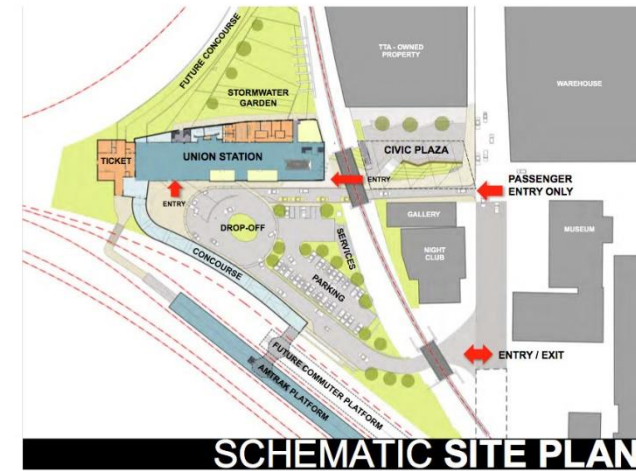
# Raleigh's Warehouse & Historic Depot District Redevelopment Area

- **The Dillon extraordinary \$200 million mixed use development**
- Completed in 2018: 18-story office tower with retail space and two six-story apartment buildings. The Dillon makes up an entire, 2.5-acre city block in the historic warehouse depot district.
- The site was a machinery service shop and rail yard. In the early 1950's, the site was improved with the large Dillon Supply warehouse building. The warehouse was used for equipment repair, boiler fabrication, steel and paint storage, and other industrial operations.
- BFA recorded in Sept 2016
- Brownfields Tax Exclusion value of over \$5 million



# Raleigh's Warehouse & Historic Depot District Redevelopment Area

- Raleigh Union Station is a new intermodal train and transit station in Raleigh. Train service began in July 2018
- Replaced the old Amtrak Station on Cabarrus St, whose size and location could not accommodate mass transit ridership demand or expected growth
- RUS Project Cost: \$88.8 million (Local \$25.9M, State \$9M, Federal \$53.9M)
- Reasonable, risk-based cleanup requirements, land use restrictions and brownfields liability protections all contributed to the project's viability
- The BFA was recorded in March 2020





# *DEQ Community Outreach Contacts*

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## *Additional Resources*

**Brownfields Website**

**<https://ncbrownfields.org>**

**Project Tracking**

**<https://ncdenr.maps.arcgis.com/apps/webappviewer/index.html?id=7dd59be2750b40bebebf49fc383f688>**

**How to Apply**

**<https://deq.nc.gov/about/divisions/waste-management/brownfields-program/how-apply-entry>**

**EPA Region 4 Tips Sheet**

**<https://www.epa.gov/brownfields/fy21-brownfields-assessment-grant-application-tip-sheet>**

*Department of Environmental Quality / Brownfields Program*

