What is a Brownfield?

- Brownfields sites are “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.”

- The term “brownfields” is often used to describe a wide range of federal, state, and non-regulated sites.
US EPA Programs Supporting Community Revitalization in Opportunity Zones

The USEPA program assistance listed below represent the best matches for site investment in Opportunity Zones.

**Land Cleanup**
- **Brownfields**
- Superfund
- Resource Conservation and Recovery Act
- Leaking Underground Storage Tanks

**Infrastructure Investment**
- WIFIA
- State Revolving Funds - Drinking Water and Clean Water
- Urban Waters

**Technical Assistance**
- Opportunity Zone Workshop (OCR)
- Land Revitalization
- Superfund Redevelopment Initiative

**Air Quality & Energy**
- Nonattainment Redesignation
- Energy Star
Opportunity Zones

added to the tax code by the Tax Cuts and Jobs Act on December 22, 2017

- An Opportunity Zone (OZ) is a state-nominated and IRS certified census tract in or near a low income community.
- Investors with capital gains tax liabilities may receive favorable tax treatment for investing in “qualified opportunity funds” (QOFs).

- ....But what does that mean for brownfields?
Opportunity Zones and Brownfields: A Shared Geography

• States selected Opportunity Zones based upon demographics and revitalization needs
• Typically overlap with legacy commercial and industry
• Sites are often centrally located and have existing infrastructure (roads, sewer, electrical, highway, rail) that can be reused or updated
• Many need cleanup assistance
What is an Opportunity Zone to an Investor?

**Potential Length of Tax Deferral Period**

- **Asset Sale 2018**: Gain rolled into Opportunity Fund within 180 days of realization.
- **OZ Investment**: Asset Sale.
- **Year 5 2023**: Tax on original gain reduced by 10%.
- **Year 7 2025**: Tax on original gain reduced by an additional 5%, to 15%.
- **Dec. 31 2026**: Deferred tax on original gain is due, minus the 15%. (Sourced from JD Supra)
- **Year 10 2028**: Upon sale, no tax on any gain in Opportunity Fund interest.
Opportunity Zones and Brownfields

• Communities and developers need to attract QOF investment to their project or OZ.
  ✓ Brownfield resources could be used on sites within OZ census tracts to help attract QOFs to projects.

• It is estimated QOFs could meet up to a third of project costs.
  ✓ Site assessment and cleanup costs could be eligible QOF investments if costs prepare the site for vertical development and economic reuse.

• Projects in Opportunity Zones may get preference in selection for federal grants.
  ✓ It was a ranking criteria in last year in the EPA Brownfield grant competition.
Recent Guidance

HUD OZ Community Toolkit – Vol 2


OZ Regulations and Brownfield Redevelopment

Federal Assistance

US EPA Brownfield grant funds can pay for these activities

1. Environmental Assessment
2. Community Site Visioning
3. Site Acquisition
4. Contamination Cleanup
5. Infrastructure (Water/Sewer) Improvements
6. Building Construction
7. Building Occupancy

Site readiness is valuable to private fund investors.

Plan ahead!
Putnam Block – Bennington, VT  
Rural Development, Brownfields, and Opportunity Zone Funding Success

### Putnam Redevelopment Project - Capital Stack

<table>
<thead>
<tr>
<th>Source</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRG Leadership Equity to Date</td>
<td>$2,350,000</td>
</tr>
<tr>
<td>Preferred Equity Pledged to Date</td>
<td>$1,755,000</td>
</tr>
<tr>
<td>VT Community Development Block Grant</td>
<td>$1,250,000</td>
</tr>
<tr>
<td>VT Housing &amp; Conservation Board Grant</td>
<td>$930,000</td>
</tr>
<tr>
<td>WRC &amp; EPA Grants (Environmental Testing &amp; Clean-up)</td>
<td>$180,500</td>
</tr>
<tr>
<td>Efficiency Vermont</td>
<td>$92,000</td>
</tr>
<tr>
<td>Federal Historic Tax Credits</td>
<td>$3,235,000</td>
</tr>
<tr>
<td>VT Downtown Credits</td>
<td>$1,186,000</td>
</tr>
<tr>
<td>New Markets Tax Credits</td>
<td>$8,093,000</td>
</tr>
<tr>
<td>Senior Bank Loan</td>
<td>$5,050,000</td>
</tr>
<tr>
<td>Junior Debt</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Brownfields Revolving Loan Funds-WRC</td>
<td>$430,000</td>
</tr>
<tr>
<td>Brownfields Grant-ACCD</td>
<td>$150,000</td>
</tr>
<tr>
<td>Town of Bennington Revolving Loan Fund</td>
<td>$200,000</td>
</tr>
<tr>
<td><strong>TOTAL RAISED/PROJECTED TO DATE</strong></td>
<td><strong>$26,401,500</strong></td>
</tr>
<tr>
<td><strong>TOTAL BUDGETED PROJECT COST</strong></td>
<td><strong>$30,151,500</strong></td>
</tr>
<tr>
<td><strong>GAP NEEDED TO CLOSE</strong></td>
<td><strong>$3,750,000</strong></td>
</tr>
</tbody>
</table>
Brattleboro OZ
Current Sites in Brattleboro OZ

• 43 – 47 Flat Street
  ✓ 4-Story Building & adjacent lot
  ✓ QAPP for Phase II Assessment in review

• 80 Flat Street
  ✓ Commercial building w/parking lot
  ✓ Needs Phase II Assessment
Current Sites in Brattleboro OZ

- **11 Arch Street**
  - Former generating station, substation and service center
  - Has approved Cleanup Plan
  - Brattleboro Museum to revise cleanup plan to accommodate new reuse plan

- **64 Elm Street**
  - Former Tri-State Auto
  - Assessments & cleanup plans completed
  - Historic Preservation 106 requirements completed
  - PCB soils cleaned up
  - Interior issues with PCB paint/petroleum still exist
  - Cleanup costs vs reuse potential major issue
Available Resources

- IRS Opportunity Zone FAQs: https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions
- HUD OZ Info for Local Leaders – https://opportunityzones.hud.gov/localleaders
- Vermont OZ Website – https://accd.vermont.gov/OpportunityZones
Any Questions?

Jessica Dominguez
Opportunity Zone and Smart Sector Advisor
EPA Region 1
dominguez.jessica@epa.gov

Joe Ferrari
Brownfields Project Officer
EPA Region 1
ferrari.joe@epa.gov