

oppaga

Progress Report



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Brownfield Rehabilitation Is Increasing; More Time Needed to Assess Program's Impact

at a glance

The number of rehabilitated brownfield sites has increased from two to nine since 2002. Additionally, rehabilitation agreements signed with the department have increased from 14 to 48. However, only 65 acres in designated brownfield areas have been rehabilitated. More time is needed to assess the program's impact since it may take several years to redevelop a brownfield site.

The department has taken action to address some of our recommendations for increasing the rehabilitation of brownfields. The department

- developed a website that provides information on brownfield incentives and includes a database of brownfield sites throughout the state; and
- improved coordination of brownfield activities among governmental entities.

The Legislature implemented our 2002 report's recommendation to eliminate the requirement that businesses pay at least 80% of the average wage to receive brownfield incentives. We continue to recommend that the Legislature eliminate the statutory requirement that businesses must create a minimum of 10 new jobs, and increase the state guarantee on loans to brownfield developers from 10% to 50% or higher.

Purpose

In accordance with state law, this progress report informs the Legislature of the actions taken in response to the findings and recommendations included in our 2002 justification review of the Brownfields Redevelopment Program administered by the Department of Environmental Protection.^{1,2}

Background

The Legislature created the Brownfields Redevelopment Program in 1997.³ Brownfields are abandoned, idled, or underused industrial and commercial properties where expansion or redevelopment is complicated by actual or perceived environmental contamination. The Brownfields Redevelopment Program was intended to achieve several goals, such as:

- reducing public health and environmental hazards on existing commercial and industrial sites;
- helping prevent the premature development of farmland, open space areas, and natural areas;

¹ Section 11.51(6), *F.S.*

² *Justification Review: Slow Progress Has Been Made in Cleaning Up and Redeveloping Contaminated Brownfield Sites*, OPPAGA Report No. 02-08, February 2002.

³ Section 376.77, *F.S.*

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- encouraging responsible persons to implement cleanup plans without the use of taxpayer funds;
- creating jobs and reducing blight through economic revitalization in local communities; and
- increasing capital investment and the local tax base.

The program is a voluntary cleanup program in that cleanup actions are initiated by landowners and developers rather than by government regulatory actions. While the program provides various financial and regulatory incentives and assistance, landowners and developers are responsible for ensuring that the contamination at the site has been properly remediated.

At the state level, three entities are involved in carrying out activities related to redeveloping brownfields: the Department of Environmental Protection, the Governor's Office of Tourism, Trade, and Economic Development (OTTED), and Enterprise Florida, Inc.⁴

- The Department of Environmental Protection is responsible for developing site rehabilitation criteria and administering the voluntary cleanup tax credit as an incentive for taxpayers who clean up contaminated brownfield sites. Since the program's inception in 1997 through January 2004, the department has awarded a total of \$1.38 million in voluntary cleanup tax credits.
- The Governor's Office of Tourism, Trade, and Economic Development (OTTED) is responsible for administering other brownfield development incentives including brownfield redevelopment bonus refunds, the brownfield loan guarantee, and the brownfield property ownership clearance assistance revolving loan trust fund.⁵

⁴ Enterprise Florida, Inc., is a public-private partnership created by the Legislature to serve as the state's principal economic development organization.

⁵ An eligible business redeveloping a site in a brownfield area may receive refunds of \$2,500 per job created at the designated site on various state and local taxes. The state also will provide a limited state guaranty on loans by lending institutions to brownfield site developers. The state will guarantee up to 10% of the loan.

- Enterprise Florida, Inc., is responsible for advertising and marketing the Brownfields Redevelopment Program.

At the local level, local governments are responsible for designating parcels of land to be included in a brownfield area.

Program resources

In Fiscal Year 2003-04, the Department of Environmental Protection (DEP) allocated \$463,449 and seven positions for the administration of the Brownfields Redevelopment Program.⁶ The Legislature has appropriated a total of \$5.04 million to DEP and OTTED for brownfield activities since the program's inception in 1997.

Prior Findings

Our 2002 report found that although the Brownfield Redevelopment Program has existed since 1997, little progress had been made in cleaning up designated brownfield areas in the state.

As of February 2002, local governments had designated 45 brownfield areas comprising 66,959 acres. However, rehabilitation agreements had been established for only 14 sites comprising 202 acres. Rehabilitation had been completed on only two sites covering 15 acres.

Our 2002 report identified four factors that impeded efforts to rehabilitate brownfield areas:

- lack of information on the extensiveness of contamination;
- slow progress in implementing key marketing strategies;
- weaknesses in intergovernmental coordination; and
- insufficient incentives to attract developer participation.

⁶ The program's allocation included \$434,536 for salary and benefits and \$28,913 for expenses.

To address these impediments, we recommended that the Department of Environmental Protection, OTTED, and Enterprise Florida, Inc.,

- develop an action plan for carrying out certain strategies in the program’s marketing plan, such as developing a site-specific brownfield site database that would be available to interested parties through the Internet; this database should include information regarding brownfield sites’ surrounding infrastructure, environmental conditions, and other factors that would affect their potential for economic redevelopment; and
- enter into formal agreements, such as memoranda of understanding, that specify each entity’s responsibilities for implementing program activities and a schedule for holding regularly scheduled meetings among their staff.

We also recommended that the Legislature consider

- reducing restrictions on job creation requirements so that firms employing fewer than 10 people or paying less than 80% of the average county wage could qualify for brownfield incentives and
- increasing the state guarantee on loans to developers from 10% to 50% or higher.

Current Status

Brownfield site rehabilitation has increased

As shown in Exhibit 1, the number of brownfield area designations has increased from 45 to 83 between February 2002 and January 2004. Also, the number of sites with rehabilitation agreements increased from 14 to 48 and the number of sites on which redevelopment had been completed increased from two to nine sites over this period. In addition, the number of jobs created by companies receiving brownfield incentives increased from 1,298 in February 2002 to 3,279 in January 2004. However, only 65 acres in designated brownfield areas have been rehabilitated.

More time is needed to assess the program’s impact. Brownfield redevelopment takes time because the program requires voluntary

participation and brownfield sites are some of the most difficult properties to redevelop due to the problems associated with perceived or actual contamination. According to a 2003 study by the U.S. Conference of Mayors, the average time to redevelop brownfield sites is three and a half years.⁷

Exhibit 1 Brownfield Site Rehabilitation Agreements and Rehabilitated Sites Have Increased Since Our 2002 Report

	Cumulative Total			
	February 2002		January 2004	
	Number	Acreage	Number	Acreage
Brownfield Areas	45	66,959	83	71,337 ¹
Sites With Signed Agreements	14	202	48	1,049
Sites Rehabilitated	2	15	9	65

¹ Total approximate acreage includes actual contaminated and perceived contaminated properties such as viable business properties, green spaces, and parks. Total approximate acreage is not representative of the number of acres that may require cleanup due to contamination, but represents properties (acres) that may be eligible for economic and regulatory incentives pursuant to the Brownfields Redevelopment Act. Municipality or county governments are responsible for identifying and designating brownfield redevelopment areas.

Source: Department of Environmental Protection.

The Department of Environmental Protection has created a database of brownfield sites

As we recommended, the department has taken steps to increase availability of information regarding brownfield areas and sites. The department developed a website that provides information such as program guidelines and procedures and forms for developers and businesses to use in applying for incentives.^{8,9} The website also includes an on-line database of brownfield areas and sites throughout the state. This database, which includes a mapping tool, provides information on brownfields including their location, size, location of railroads and other infrastructure, and related local government

⁷ *Recycling America’s Land: A National Report of Brownfields Redevelopment v. 4*, the U.S. Conference of Mayors, 2003.

⁸ The following is a link to the department’s website for the Brownfields Program: www.dep.state.fl.us/waste/categories/brownfields/default.htm

⁹ Enterprise Florida Inc., also provides information on its website regarding brownfield opportunities and incentives. www.eflorida.com

documents such as resolutions and rehabilitation agreements.

By November 2004, the department plans to provide local governments the ability to use its website to input more detailed information on brownfield sites, such as property listings with maps and photos, sales information, and whether the properties are actually contaminated by certain pollutants.

Intergovernmental coordination has improved

The entities that administer the brownfields program have not implemented our 2002 report's recommendation to enter into formal agreements such as memoranda of understanding that specify each entity's responsibilities for implementing program activities and schedule regular meetings of their staff. However, the agencies have taken other actions to improve their coordination of brownfield-related activities. For example, Department of Environmental Protection, OTTED, and Enterprise Florida, Inc., employees participate in quarterly teleconferences and attend public meetings together to educate and promote the program.

Also, in April 2002, a coalition of public and private brownfields stakeholders formed the Florida Brownfields Association. The association will work to promote brownfields related issues such as environmental restoration, economic revitalization, job creation and training, and enhancement of financial and regulatory incentives.

The Legislature has reduced restrictions on brownfield incentives

The Legislature adopted our recommendation to eliminate the requirement that a business must pay at least 80% of the average wage in the county where the business is located in order to qualify for program incentives.¹⁰ However, the Legislature has not yet adopted our recommendation to eliminate the requirement that businesses must create a minimum of 10 new jobs (not including jobs related to construction or rehabilitation of property) to receive brownfield incentives. The Legislature also has not amended the law to increase the state guarantee on loans to developers from 10% to 50% or higher.

We continue to recommend that the Legislature adopt these steps to encourage the private sector to redevelop brownfield sites. These steps would encourage lending institutions to finance brownfield assessment and cleanup and assist small businesses to redevelop brownfield sites.

¹⁰ Chapter 2002-294, *Laws of Florida*.

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