

# Brownfields Competitive Round 17

**Walk in Session #3 – Public Private Partnership**

March 22, 2023



# Brownfields Competitive Round # 17

Binu Chandy, Director  
Office of Brownfield Remediation & Development

*Connecticut Department of Economic  
& Community Development*

March 22, 2023

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# Meeting announcements

- Please keep yourself muted. As you join, please note your name and organization in the chat feature.
- Raise your hands if you have a question when we get to the Question-Answer section. You may also type in your question using the chat feature. Names will be called on a first come –first serve basis.
- We will be recording this meeting. The presentation will be posted on our Website.
- If we are not able to answer a particular question, please provide your contact info (email or phone) and we will get back to you with a response.
- If you have a project/site specific question you want to discuss in a private and confidential setting, please let us know and we can arrange for a separate meeting.
- We will start with a general presentation on the special topic and then handle questions.
- After taking questions if there is time, I will cover – What's new in Round 17 and also some highlights of our programs.

# Summary of Funding Availability

- TOTAL AVAILABILITY - \$25 million**

PROGRAM	MAX per application	MIN per application	Notes
Grant – Remediation/Limited Assessment	\$4 million	\$200,000	<b>Note:</b> Max is back to \$4 million
Grant – Assessment- only (Land Banks/COGs)	\$500,000	\$100,000	Can apply for multiple projects/sites. Maximum per project - \$200K
Grant – Assessment- only (Others)	\$200,000	\$100,000	
Loan – Remediation/Limited Assessment	\$4 million	\$500,000	Min. is \$500K

# Schedule

Presentations and Walk-in Teams Meetings	
<u>Wed, March 1, 2023 (1 – 2PM)</u>	Special Topic: What's new in Round 17?
<u>Wed, March 15, 2023 (1 – 2PM)</u>	Special Topic: Application Form Budget Tables
<u>Wed, March 22, 2023 (1 – 2PM)</u>	Special Topic: Public-private Partnerships
Questions on the NOFA	
<b>Wed, March 15, 2023</b>	Deadline for questions to DECD on this NOFA
<b>Friday, March 17, 2023</b>	Posting of FAQ Addendum (if any) on OBRD's Website
Application Deadline	
<b>Wed, April 12, 2023 @ noon</b>	Request for SharePoint folder (see Application Process)
<b>Friday, April 14, 2023 @ noon</b>	Deadline to submit or upload Application Package
Round 17 Award Announcement	
<b>June 2023 3<sup>rd</sup> or 4<sup>th</sup> week</b>	Award Announcements (tentative)

# Public Private Partnership (PPP)



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# What is PPP under this Program?

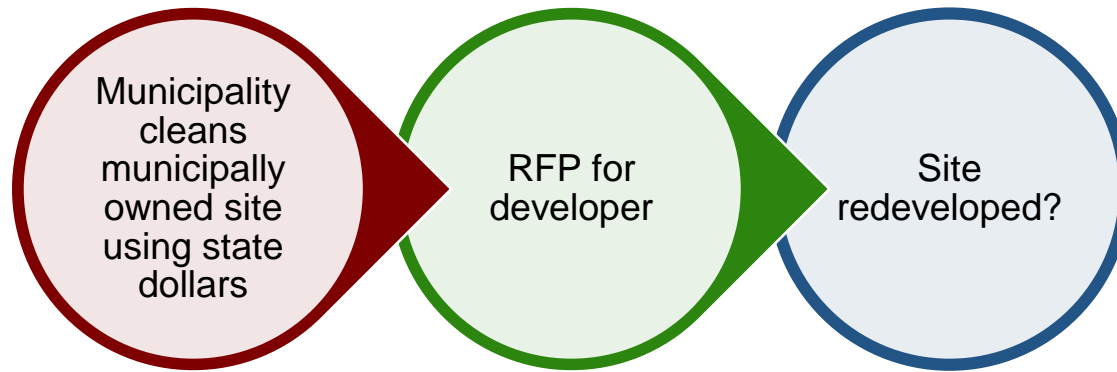
**The municipality or municipal entity partners with a private entity to undertake a brownfield redevelopment project**

# Need for PPP

- ☐ Brownfields are always not an attractive option for private developers
- ☐ Higher costs compared to greenfields (untouched lands)
- ☐ Burden of regulations and permits and liability risk with brownfield redevelopment
- ☐ Brownfield sites are usually in the best locations – downtowns, near transit, regional hubs, work centers etc.
- ☐ Brownfield sites usually have an already established infrastructure system
- ☐ The public entity can access the state/OBRD brownfield program (especially the grant program)
- ☐ The private entity can utilize private capital
- ☐ Brownfield cleanup strategies developed in tandem with the redevelopment/construction design are more cost effective

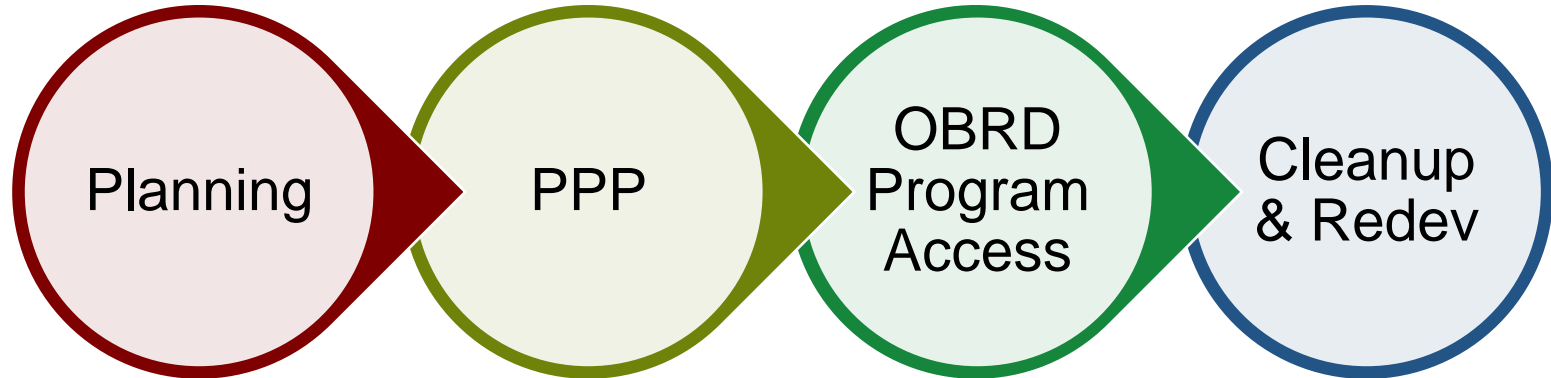


# Previous model (typical)



- Cleanup cost much higher
- Reduces redevelopment options for the site
- The “clean-up-to” standards – residential vs industrial/commercial pre-decided before end use is formalized
- May not be based on market demand – highest and best end use
- Changing markets
- Gambling on a developer coming to a cleaned up site
- Community “not in my backyard” issues

# Model being encouraged by OBRD



- **Cleanup costs significantly lower**
- **Smart cleanup strategies while being safe for public**
- **Results driven – DECD and OBRD’s mission will be achieved**
- **Better success rate of project delivery**
- **Will not be impacted by market fluctuations**
- **Better chance that developer stays**
- **Community sign-in assured**

# Advantages for Private Entity to participate in a PPP

Opens up the grant funding option

Support of municipality to move project forward

State/Local help to tackle regulatory issues

Helps with cleanup costs

Helps choice of brownfields vs greenfield

# How is OBRD Enabling PPPs

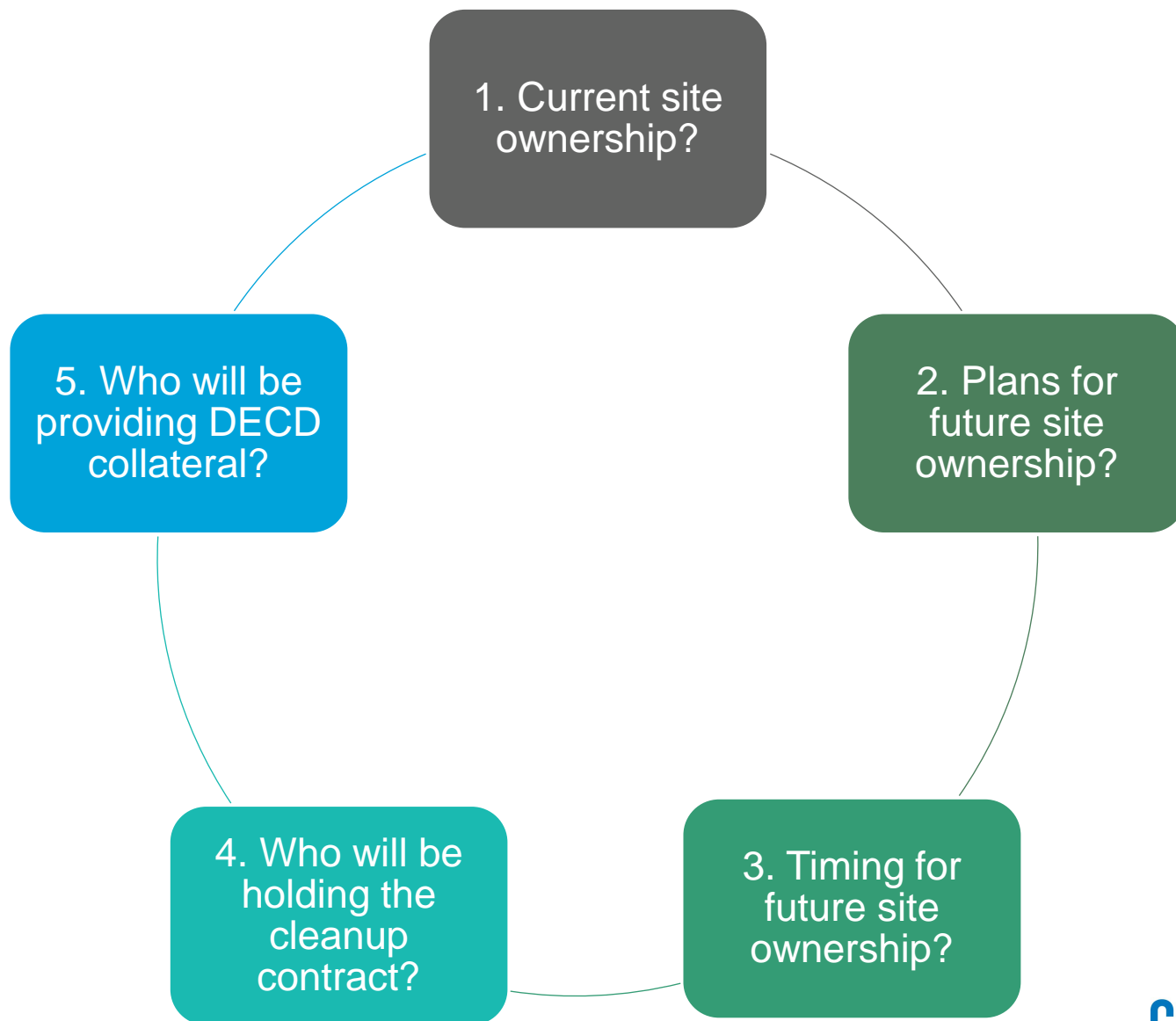
Allowing  
grant  
pass-  
throughs  
to a private  
entity

Offering  
options for  
different  
types of  
site  
ownership

Working  
with client  
team to  
match  
solutions  
to type of  
situation

Allowing  
grant  
receiving  
entity to  
make  
decisions  
on the type  
of pass-  
through

# Factors Affecting the PPP Structure



# 1. Current Site Ownership

\* Purchase &  
Sales Agreement

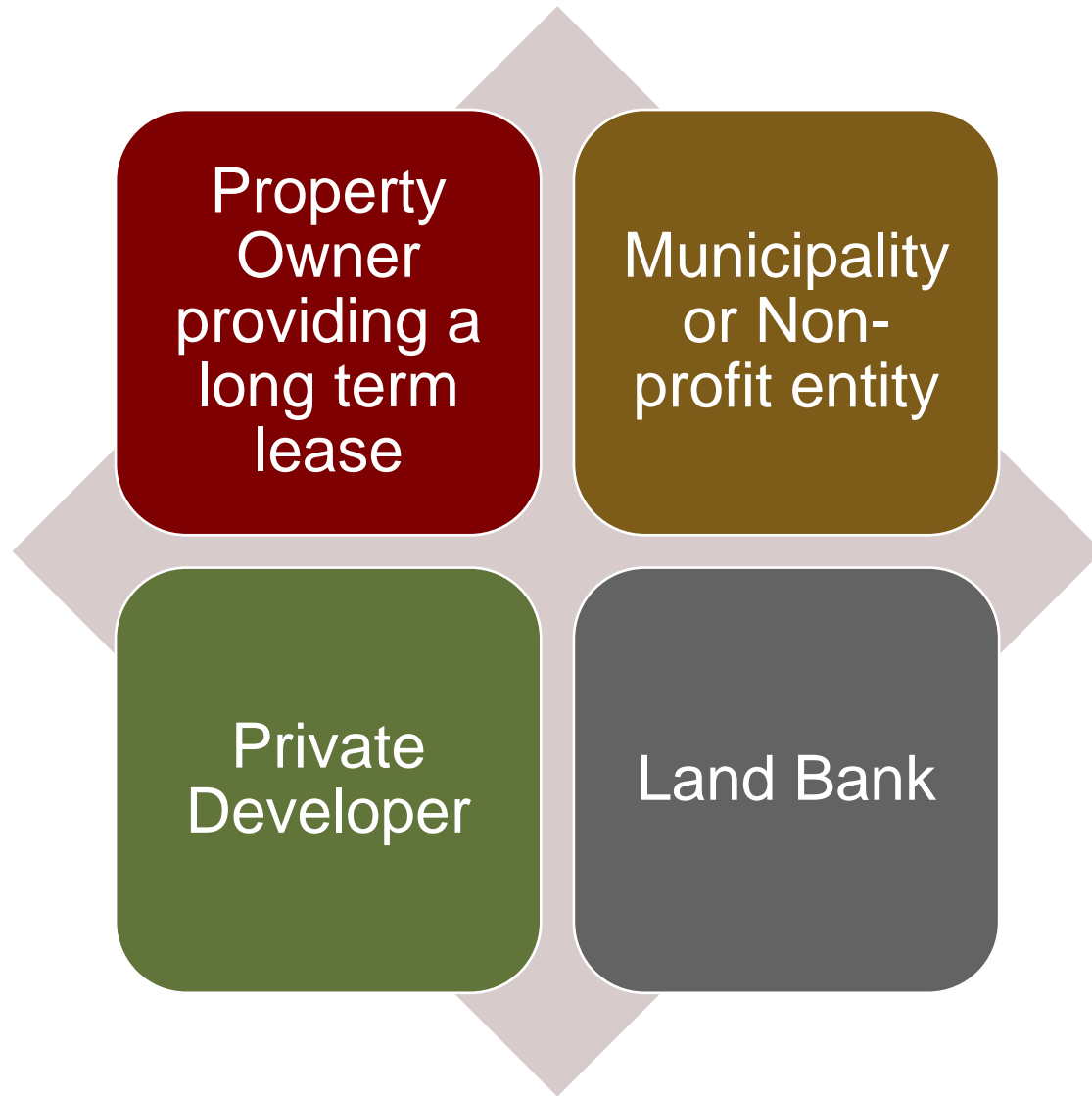
Unrelated  
seller (PSA\*  
w/Private  
entity)

Municipality  
or Non-  
profit entity

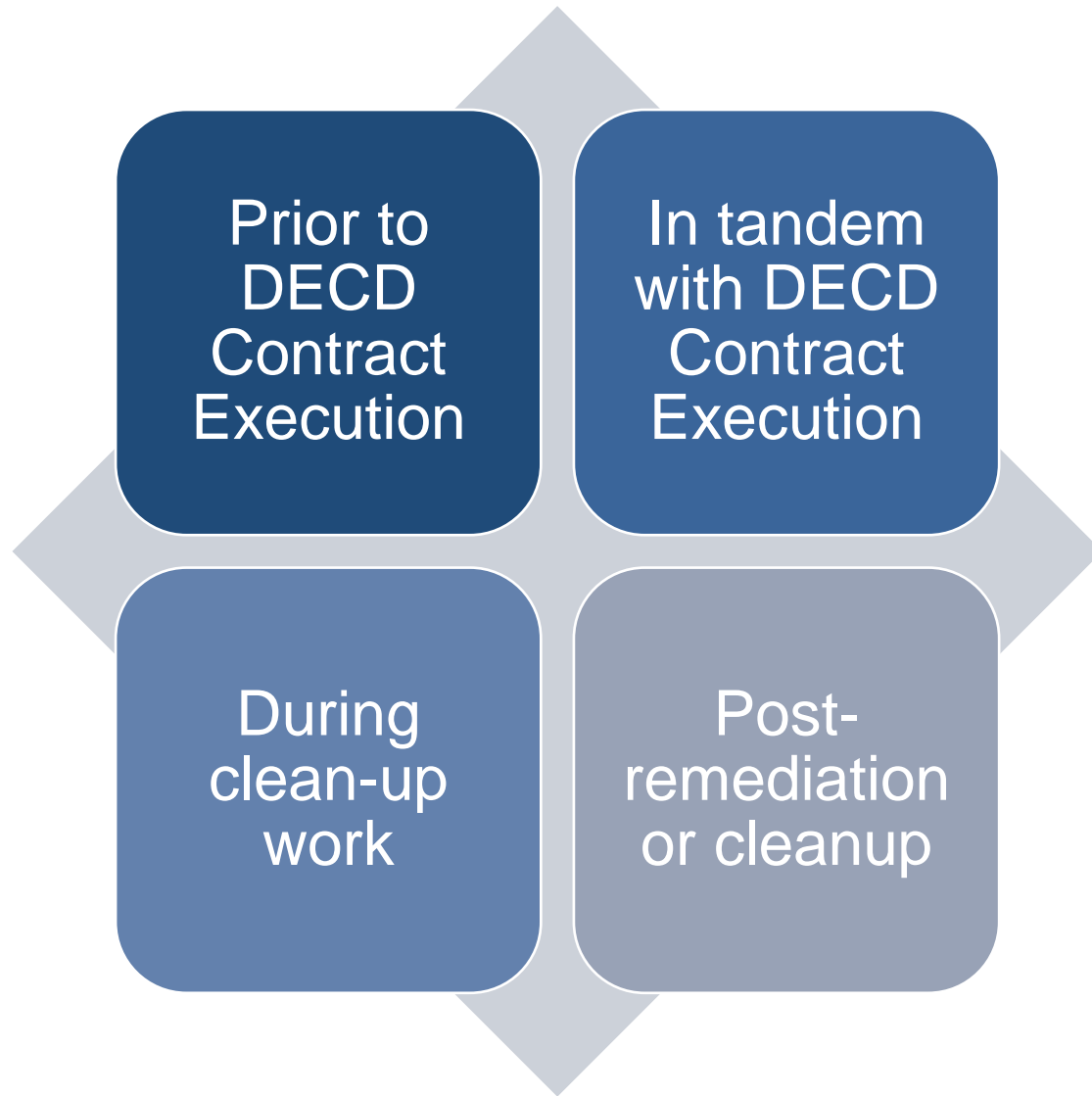
Private  
Developer/  
Owner

Land Bank

## 2. Future Site Ownership

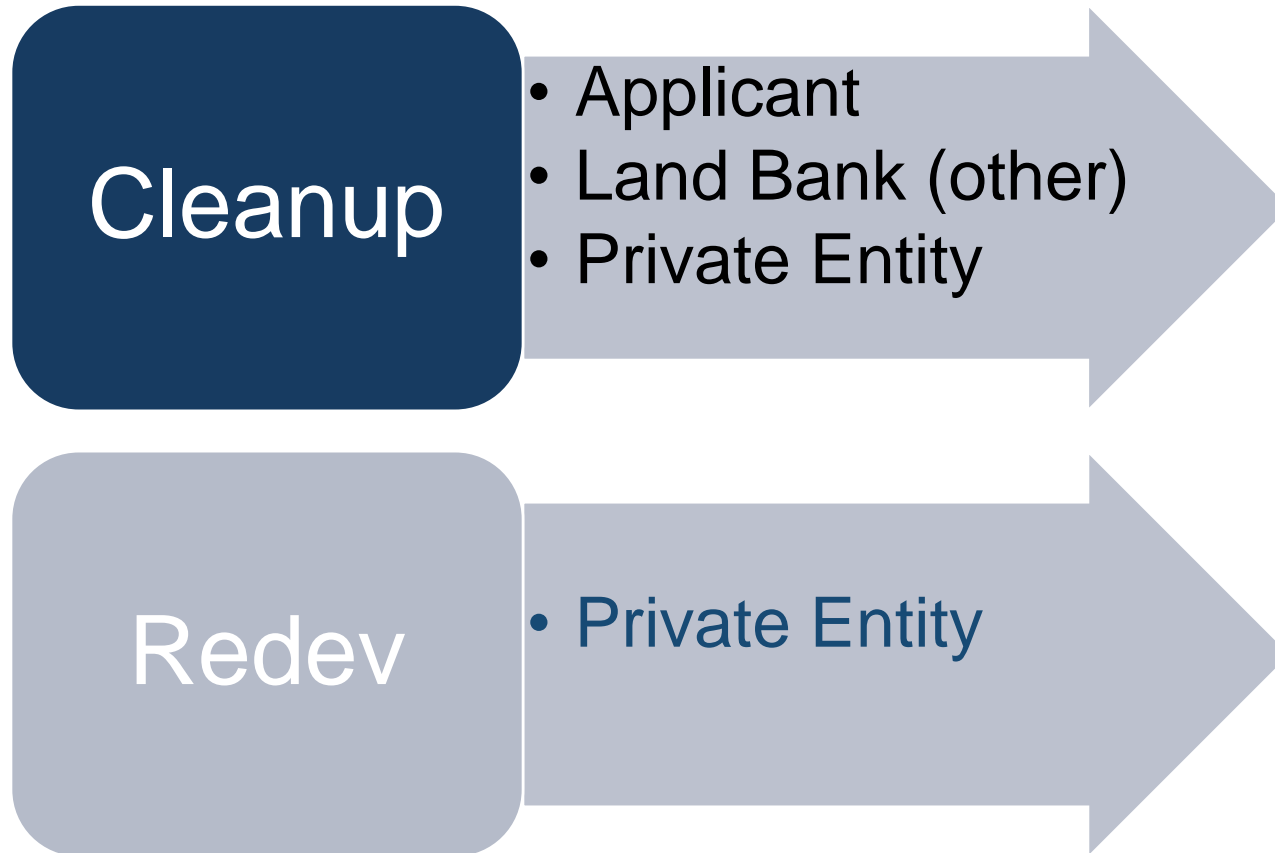


### 3. Timing of Site Ownership

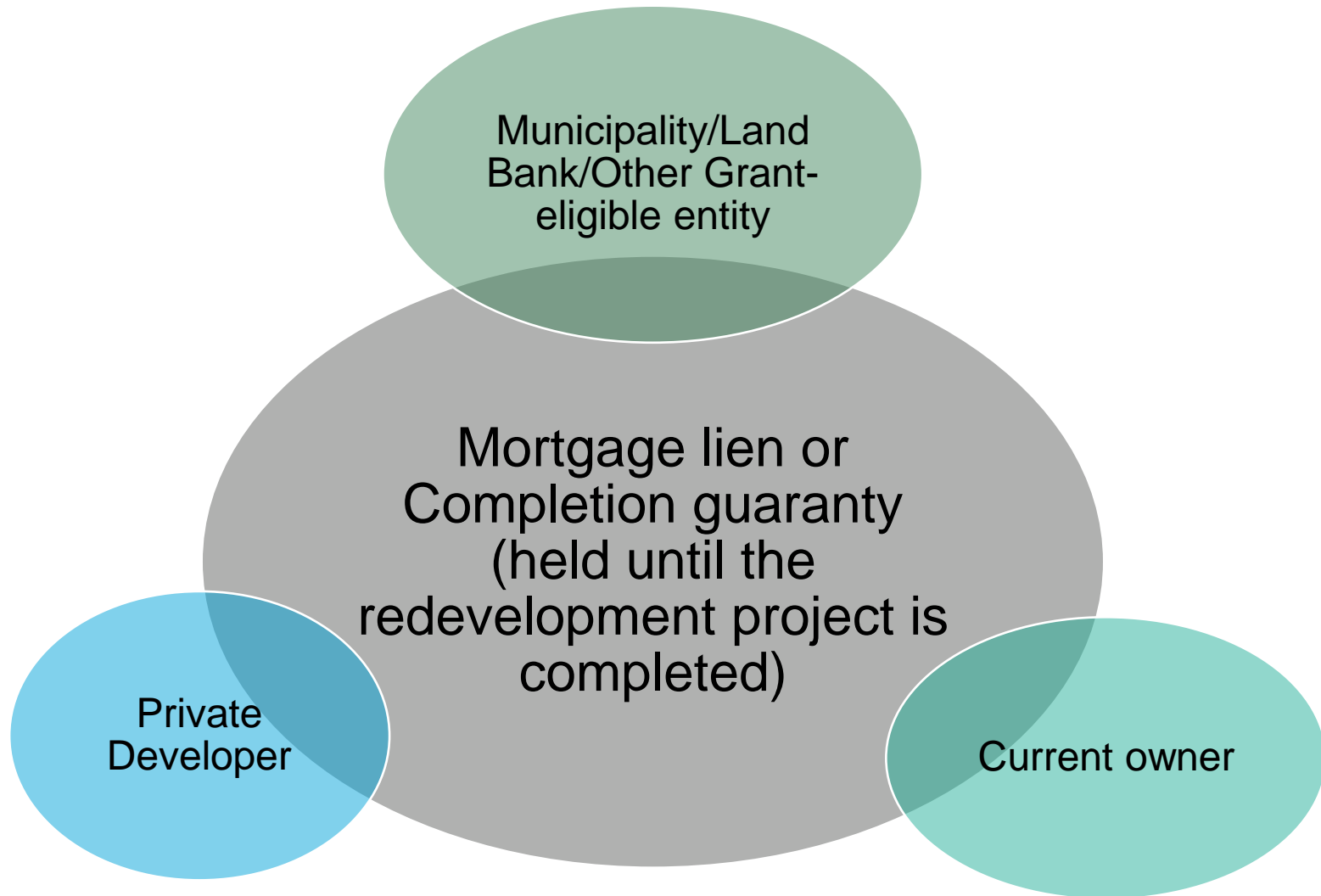




## 4. Who is going to handle the work contracts?



## 5. Who is going to provide DECD collateral?



# PPP Examples



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# Example #1 - Factors

Site owned by Municipality

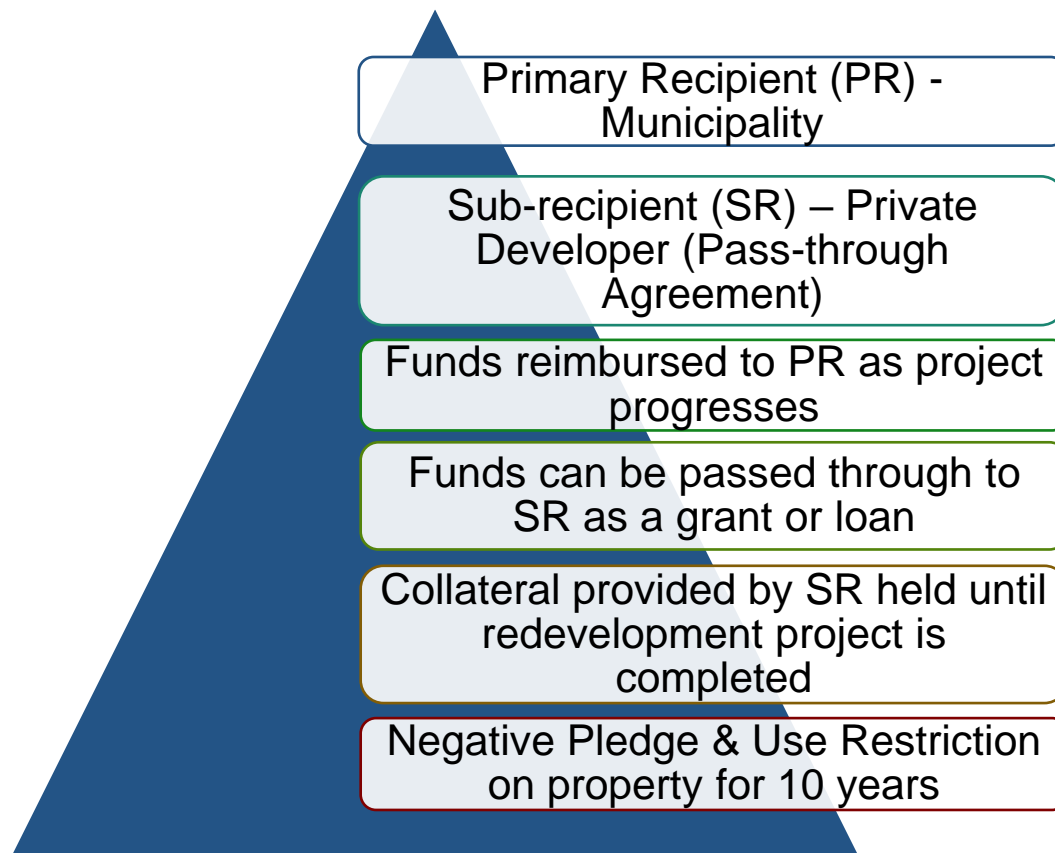
Purchase & Sales Agreement with Developer

Site Transfer at DECD Contract Closing

Cleanup & Redev Contract held by Developer

Developer providing mortgage lien as collateral

# Example #1 – DECD Contract



## Example #2 - Factors

Site owned by Municipality

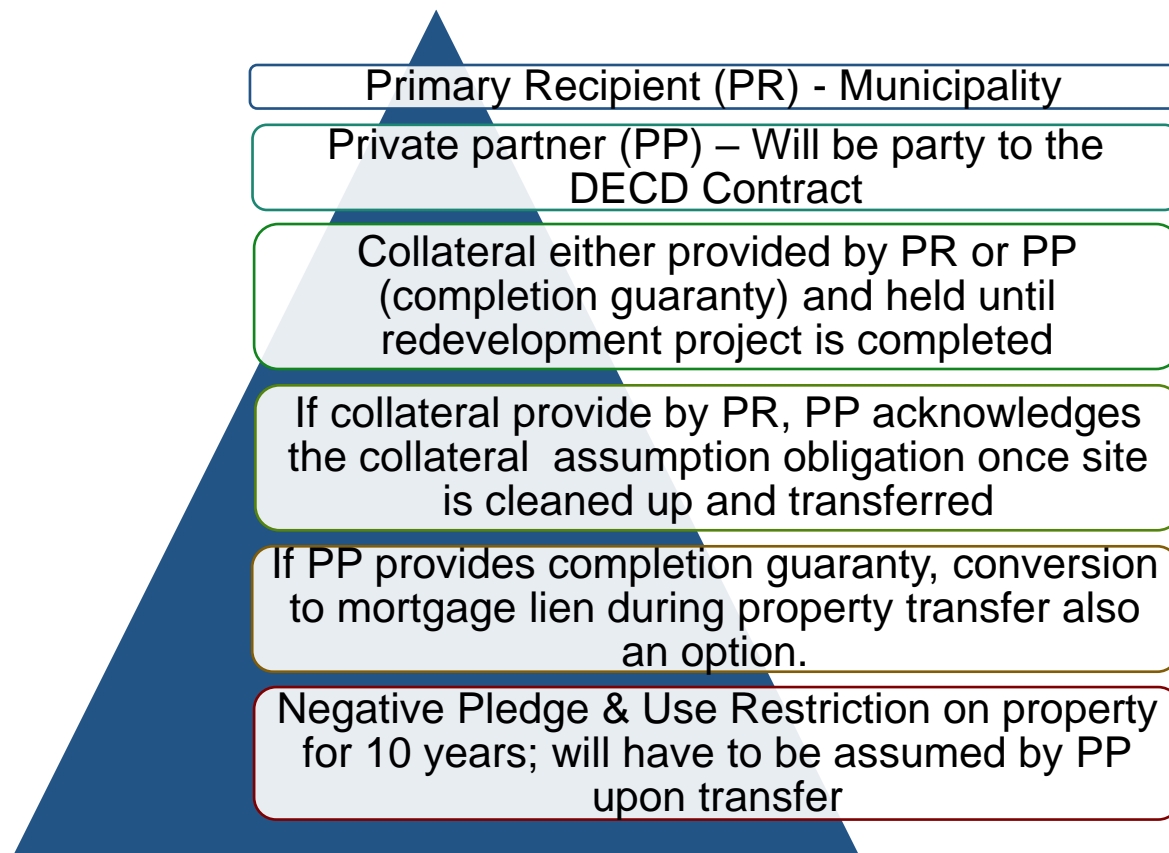
Purchase & Sales Agreement with Developer

Site Transfer post-cleanup

Cleanup Contract held by Municipality

Mortgage provided by municipality with expectation that developer will assume mortgage upon transfer  
OR Developer or Municipality providing a completion guaranty

# Example #2 – DECD Contract



# Example #3 - Factors

Site owned by Unrelated Seller

Purchase & Sales Agreement between seller and developer

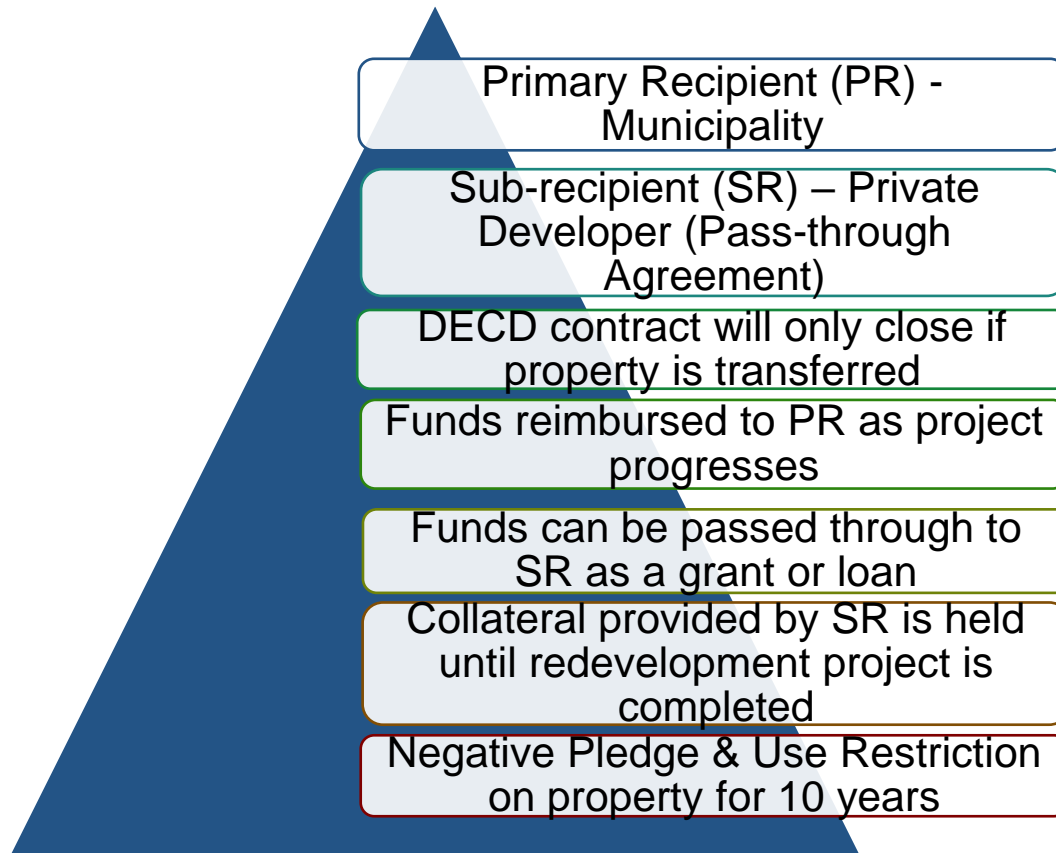
Site Transfer at DECD Contract Closing

Cleanup & Redev Contract held by Developer

Developer providing mortgage lien as collateral



# Example #3 – DECD Contract



# Example #4 - Factors

Site owned by private owner (who is willing for long-term lease of property and is not responsible for the contamination)

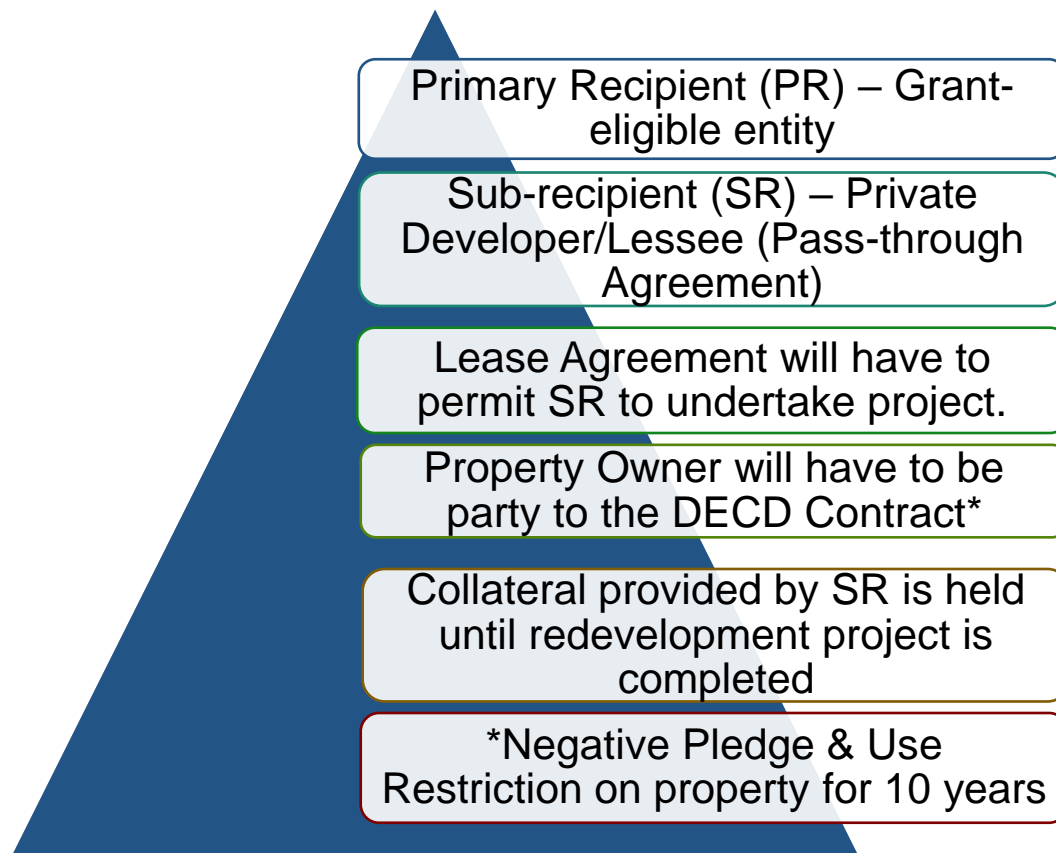
Lease Agreement between owner and developer

Lease Contract executed at DECD Contract Closing

Cleanup & Redev Contract held by Developer

Developer providing completion guaranty as collateral

# Example #4 – DECD Contract



# Example #5 - Factors

Site owned by Tax Delinquent Owner

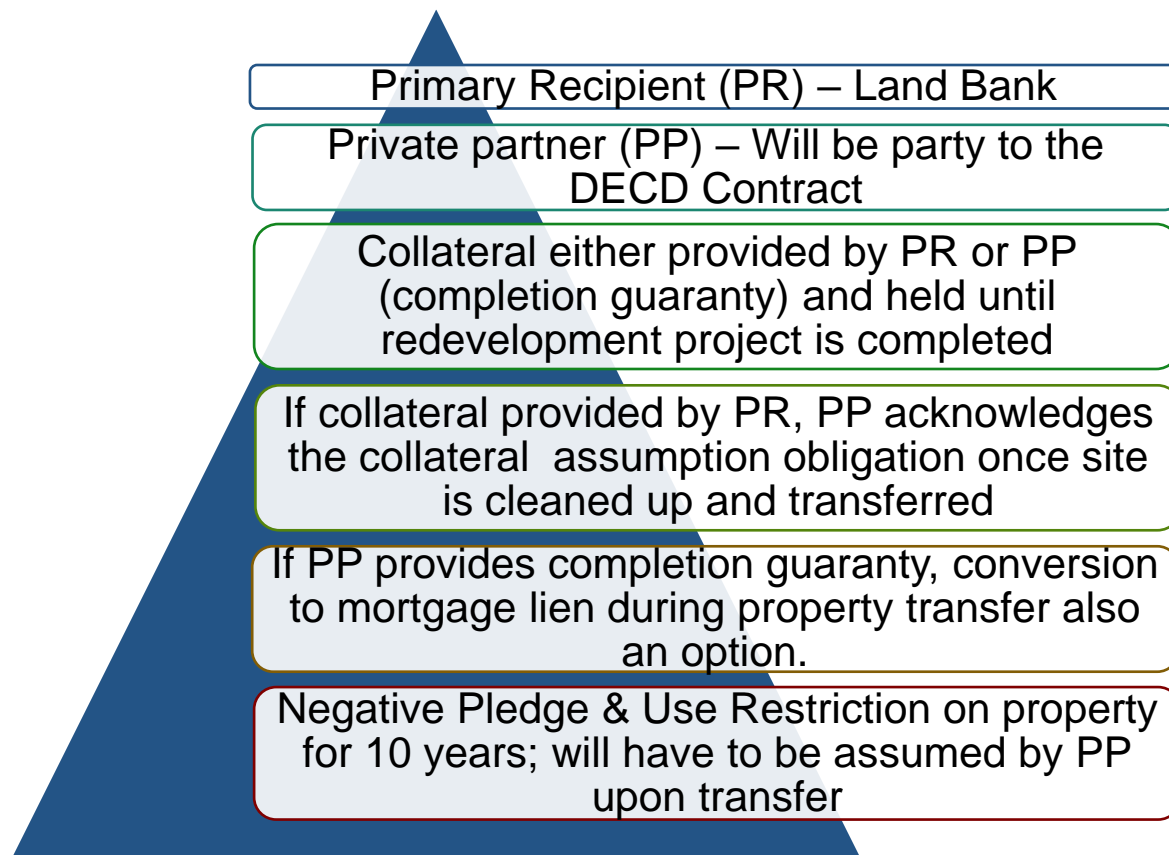
Municipality plans to take property by foreclosure and convey to a Land Bank by a Land Banking Agreement

Site Transfer to Developer after Property is cleaned up

Cleanup Contract held by Land Bank

Mortgage provided by Land Bank with expectation that developer will assume mortgage upon transfer OR Developer, Land Bank or Municipality providing a completion guaranty

# Example #5 – DECD Contract



# Question & Answer Session



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# Protocol

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- Raise your hands if you have a question. You may also type in your question using the chat feature. Your name will be called out and you can unmute yourself and state your question or one of the staff members will read out your question from the chat box.
- If we are not able to answer a particular question, please provide your contact info (email or phone) in the chat box and we will get back to you with a response.
- All general questions/responses not included in the current FAQ Document will be added and posted on Friday, March 17, 2023.
- If you have a project/site specific question you want to discuss in a private and confidential setting, please let us know and we can arrange for a separate meeting.

# Program Summaries



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# Remediation Programs (Grant and Loan)

- **Primary mission - bringing brownfields to economic productivity.**
- **Competitive process**
- **Multi-dimensional scoring**
  - Shovel Readiness – remediation plan, assembly of financing, redevelopment plan completeness
  - Economic & Community Development Impact
  - Financing/Local – Private Leverage; (developer equity; loan to value ratio)
  - Applicant Experience
- **Grant projects with a developer and a proposed end use/redevelopment plan are more cost efficient and have a better success rate – also have a higher chance of receiving an award**

# Loan Specifics

- **Eligible entities - Potential brownfield purchasers and current brownfield owners including, but not limited to, for-profit and non-profit entities, municipalities, Connecticut brownfield land banks, economic development agencies or regional councils of governments.**
- **Minimum Developer Equity – 10% of total project cost (redevelopment + remediation project)**
- **No loan forgiveness**
- **Duration – up to 30 years (should match the private debt financing terms)**
- **Rate – 3%**
- **Debt Service Coverage Ratio – 1.15**
- **Loan deferral can be negotiated; balloon payment plans will not be approved; amortization over the larger portion of the repayment period.**
- **Permanent Refinancing - The loan will have to be fully repaid on permanent refinancing (does not apply to initial conversion from construction to permanent debt).**

# Threshold Requirements

- **Threshold requirements:**
  - **Site is a brownfield as per C.G. S. Sec. 32-760**
  - **Applicant and potential development partners have no direct or related liability for the conditions of the brownfield.**
  - **Applicant has access or will have access to the property, site control or path to site control (for loans - Applicant is the property owner, a potential purchaser)**
  - **Potential development partner is registered to do business in the State of CT and is in good standing – no pending lawsuits, liens filed and tax arrears.**

# Brownfield Definition

- **As per C.G.S Section 32-760, “Brownfield” means any abandoned or underutilized site where redevelopment, reuse or expansion has not occurred due to the presence or potential presence of pollution in the buildings, soil or groundwater that requires investigation or remediation before or in conjunction with the redevelopment, reuse or expansion of the property.**
- **Please see Question #19 in the Grant FAQ and # 5 in the Loan FAQ documents, respectively for examples.**

# Collateral and Security Requirements - Grant

- Completion guarantee or mortgage lien on property
- To be provided by either Applicant or the development partner
- Will be held until redevelopment project is completed
- If plan is to transfer the site to a private developer after remediation, the collateral will have to be assumed by the developer upon transfer.
- Negative Pledge placed on property – Approval from DECD Commissioner to sell, lease, transfer, assign or in any way encumber the property (10 years)
- Use Restriction placed on property – Covenant placed on property that it will be used for purposes described in Application (10 years)
- Negative Pledge and Use Restriction is placed on the land records

# Collateral and Security Requirements - Loan

- Completion guarantee and mortgage lien on property
- Will be held until redevelopment project is completed
- The full value of the loan will be recouped if the redevelopment project is not completed.
- Negative Pledge placed on property – Approval from DECD Commissioner to sell, lease, transfer, assign or in any way encumber the property (10 years)
- Use Restriction placed on property – Covenant placed on property that it will be used for purposes described in Application (10 years)
- Negative Pledge and Use Restriction is placed on the land records

# Prevailing Wage Rule

- All projects will have to be consistent with the requirements of C.G.S. Section 31-53c and C.G.S. Section 31-53.
- The applicability of prevailing wage as per the statutes is dependent on various factors including, but not limited to,
  - the amount of cumulative DECD funding
  - the entity entering into the grant contract with DECD,
  - the funding sources for the overall project,
  - the entity that will be holding the construction contract (primary recipient versus a private entity),
  - the nature of the improvements (public versus private),
  - and the nature of the end uses (public versus private).
- Please see Grant FAQ #s 23 & 24 and Loan FAQ #s 19 & 20
- DOL Contact (Mary Toner), Wage Enforcement Agent, Public Contract Compliance, DOL - [mary.toner@ct.gov](mailto:mary.toner@ct.gov); 860.263.6606

# Thank you!

**For additional questions:**

**Please send email to [brownfields@ct.gov](mailto:brownfields@ct.gov) (preferred) or Contact the dedicated OBRD hotline number at 1.860.500.2395**





# Thank you!

OBRD Team:

Gregory Ambros

Mark Burno

Shawntay Nelson

Chaimae Sabir

Jennifer Schneider

William Wallach &

Binu Chandy

[www.ctbrownfields.gov](http://www.ctbrownfields.gov)