

Brownfields Competitive Round 18

Walk in Session #3 – Public Private Partnership

Sep 6, 2023



Brownfields Competitive Round # 18

Binu Chandy, Director
Office of Brownfield Remediation & Development

*Connecticut Department of Economic
& Community Development*

Sep 6, 2023

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Meeting announcements

- Please keep yourself muted. As you join, please note your name and organization in the chat feature. If you joined by phone, please feel free to unmute and announce yourselves.
- 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 18 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	Note: Max is \$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, Aug 9, 2023 (9 - 10AM)</u>	Special Topic: What's new in Round 18?
<u>Wed, Aug 23, 2023 (9 - 10AM)</u>	Special Topic: Application Form Budget /ROI Tables
<u>Wed, Sep 6, 2023 (9 – 10 AM)</u>	Special Topic: Public-private Partnerships
Questions on the NOFA	
Wed, August 23, 2023	Deadline for questions to DECD on this NOFA
Friday, August 25, 2023	Posting of FAQ Addendum (if any) on OBRD's Website
Application Deadline	
Wed, Sep 20, 2023 @ noon	Request for SharePoint folder
Friday, Sep 22, 2023 @ noon	Deadline to submit or upload Application Package
Round 18 Award Announcement	
Dec 2023 1st or 2nd week	Award Announcements (tentative) Pending State Bond Commission approval of funding for FY24

Public Private Partnership (PPP)



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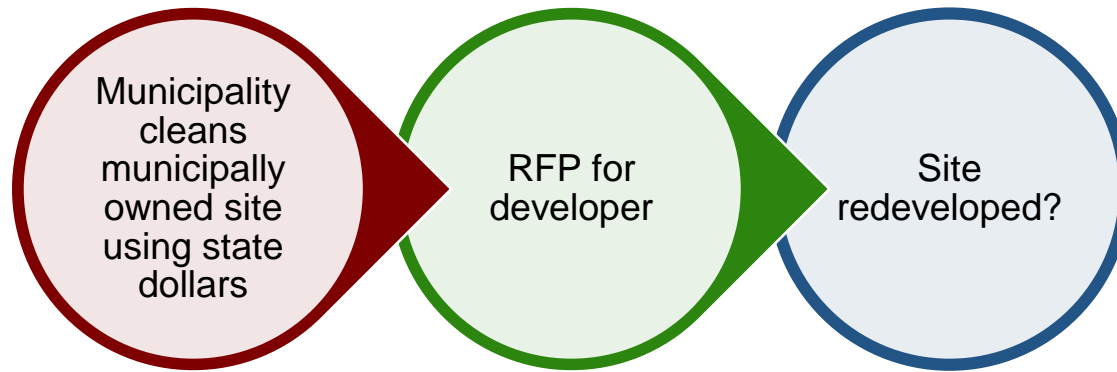
What is PPP under this Program?

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

Need for PPP

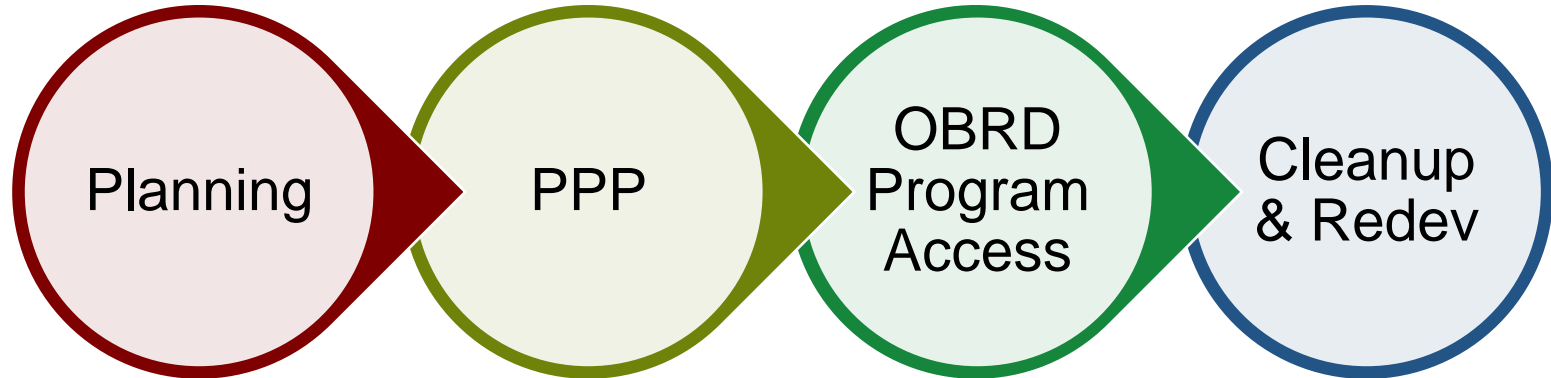
- ☐ Brownfields are not always an attractive option for private developers
- ☐ Higher costs compared to greenfields (untouched lands)
- ☐ Burden of regulations and permits and liability risk with brownfield redevelopment
- ☐ Brownfield sites are usually in the best locations – downtowns, near transit, 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

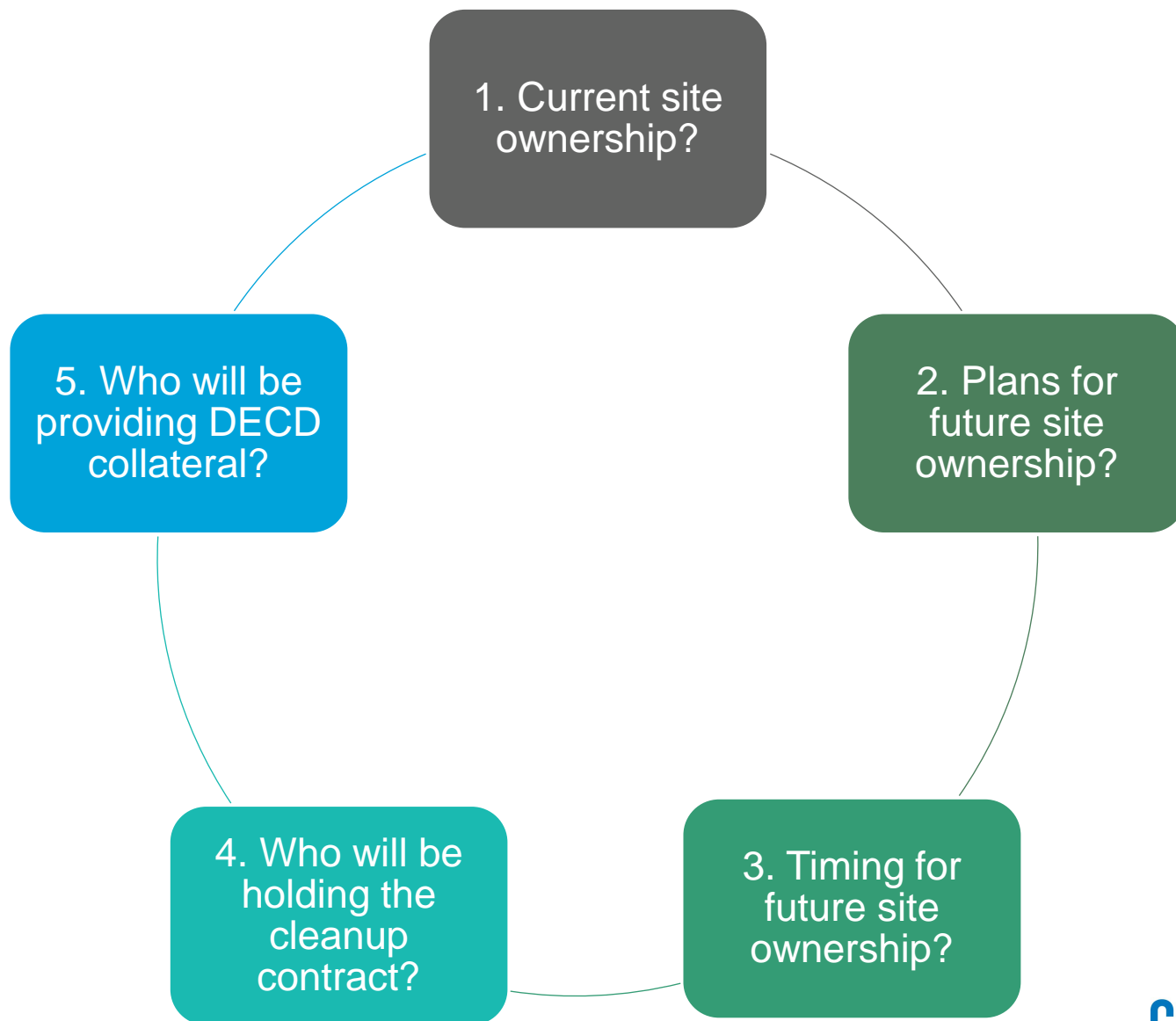
Allowing
grant
pass-
throughs
to a private
entity

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

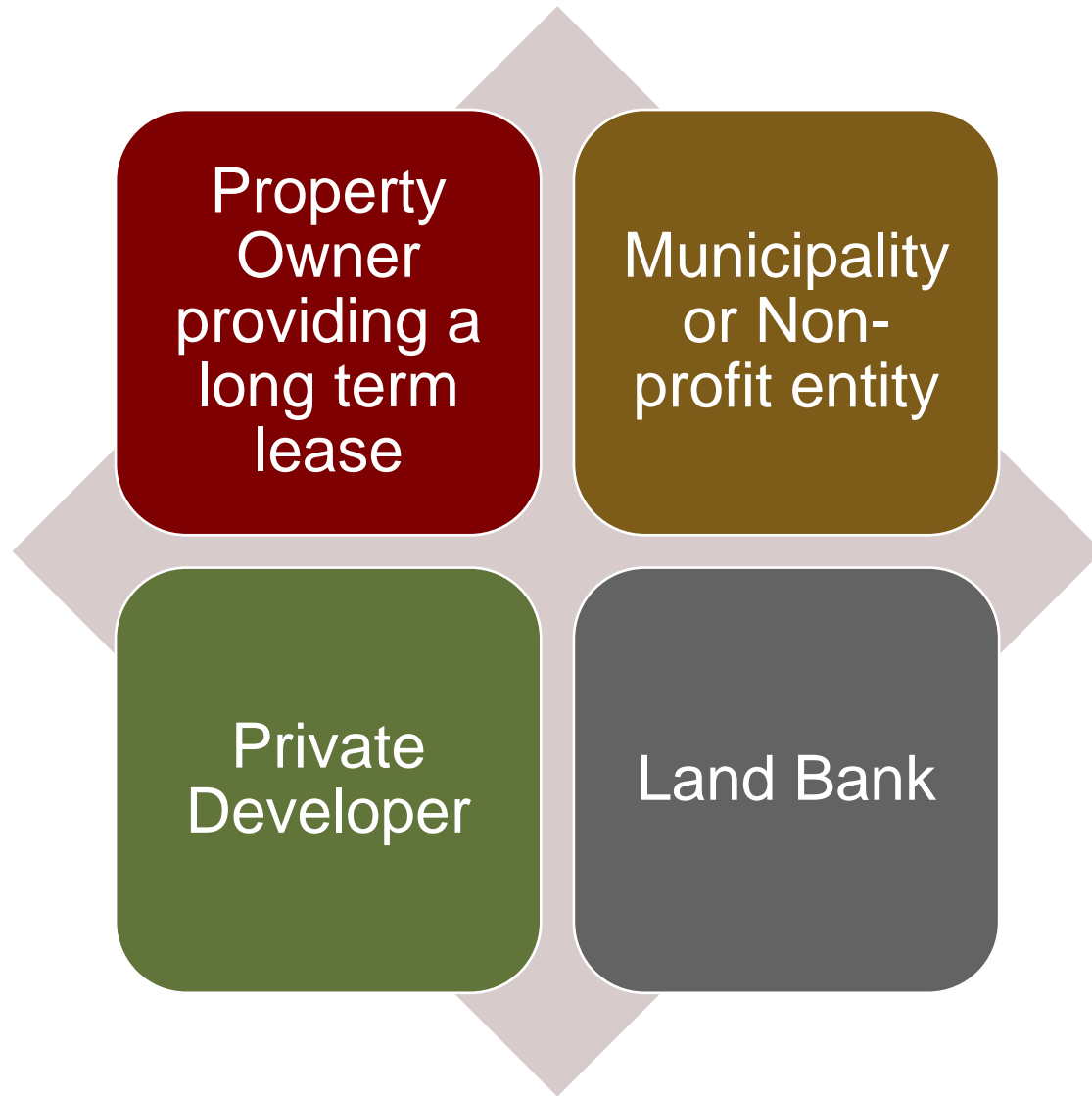
Unrelated
seller (PSA*
w/Private
entity)

Municipality
or Non-
profit entity

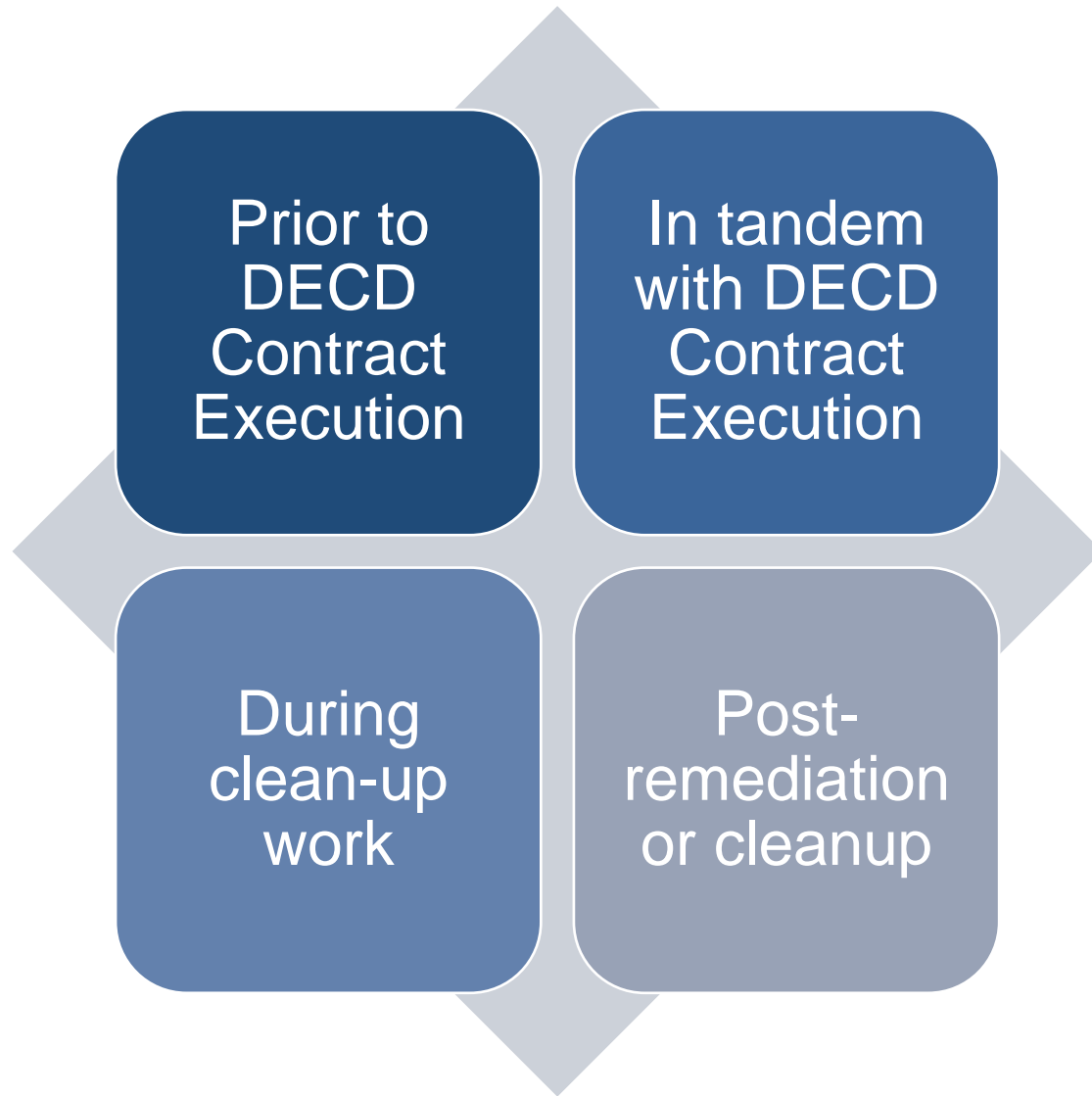
Private
Developer/
Owner

Land Bank

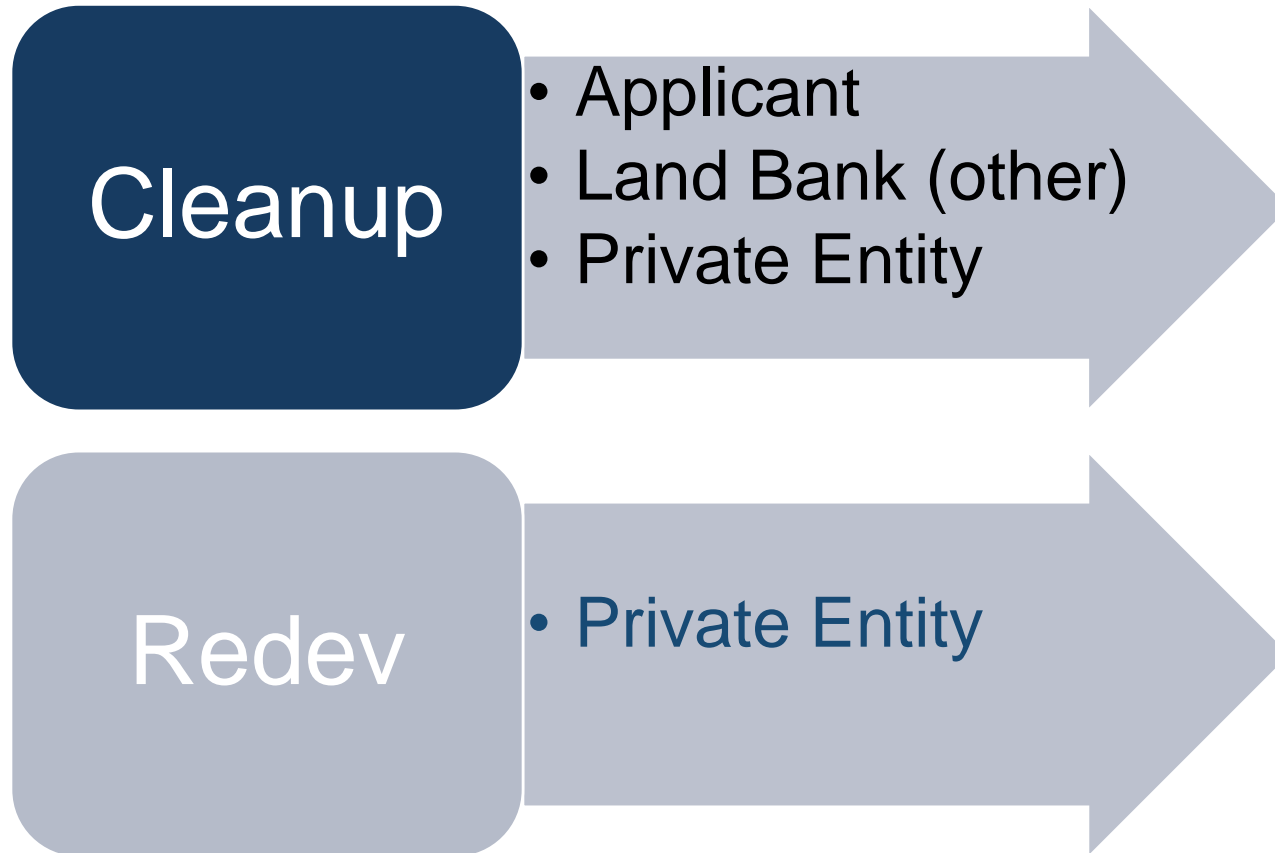
2. Future Site Ownership



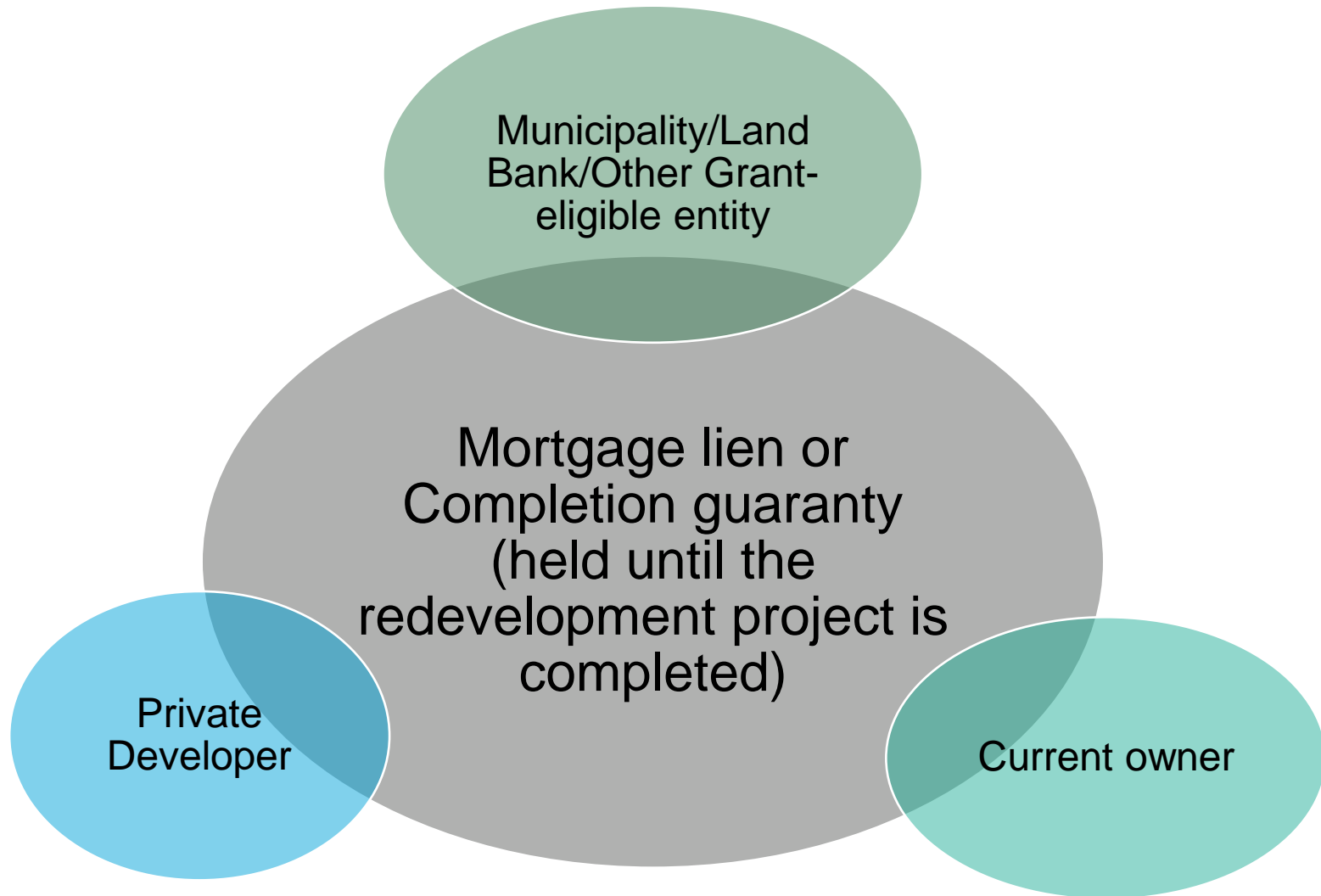
3. Timing of Site Ownership



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

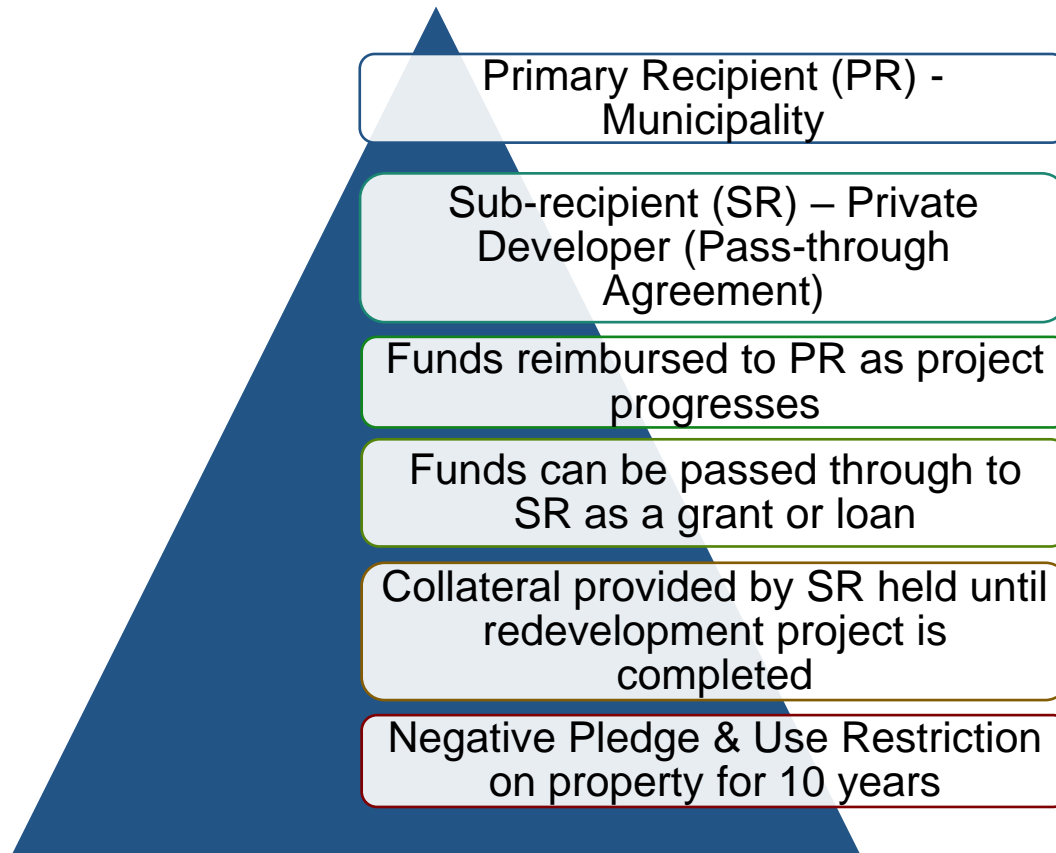
Purchase & Sales Agreement with Developer

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

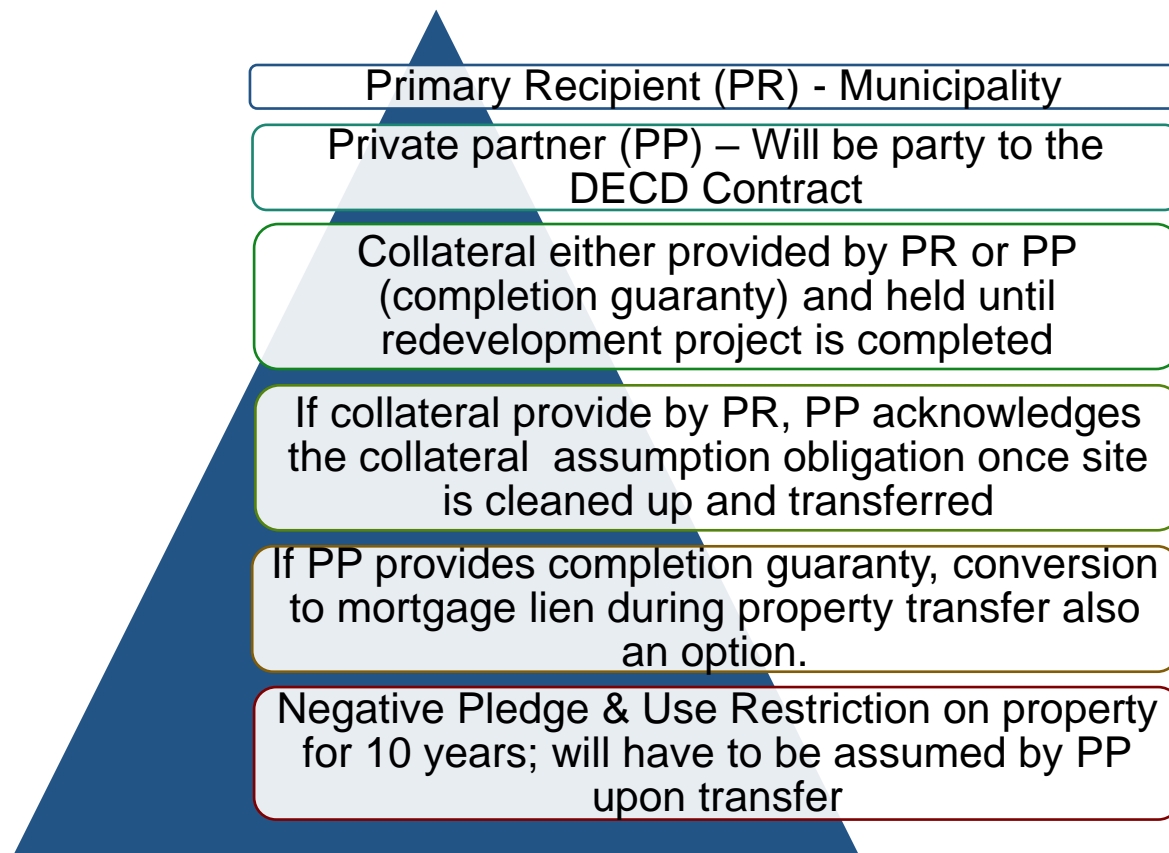
Purchase & Sales Agreement with Developer

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

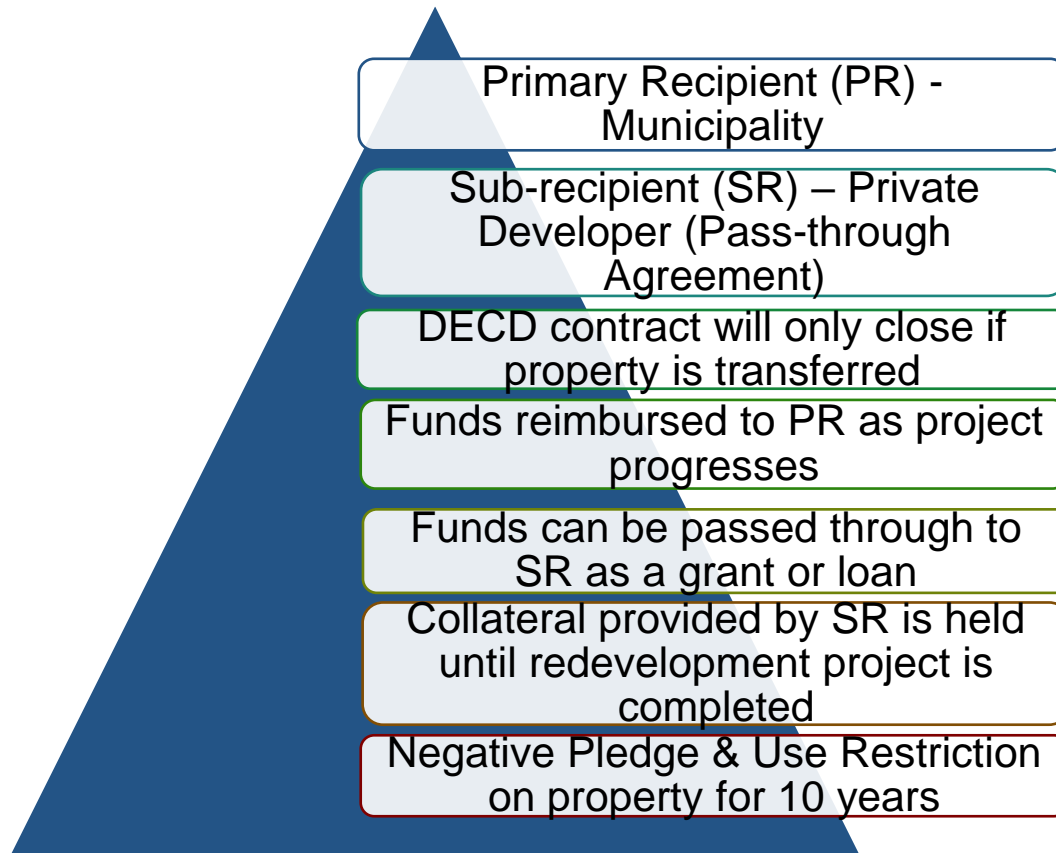
Purchase & Sales Agreement between seller and developer

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)

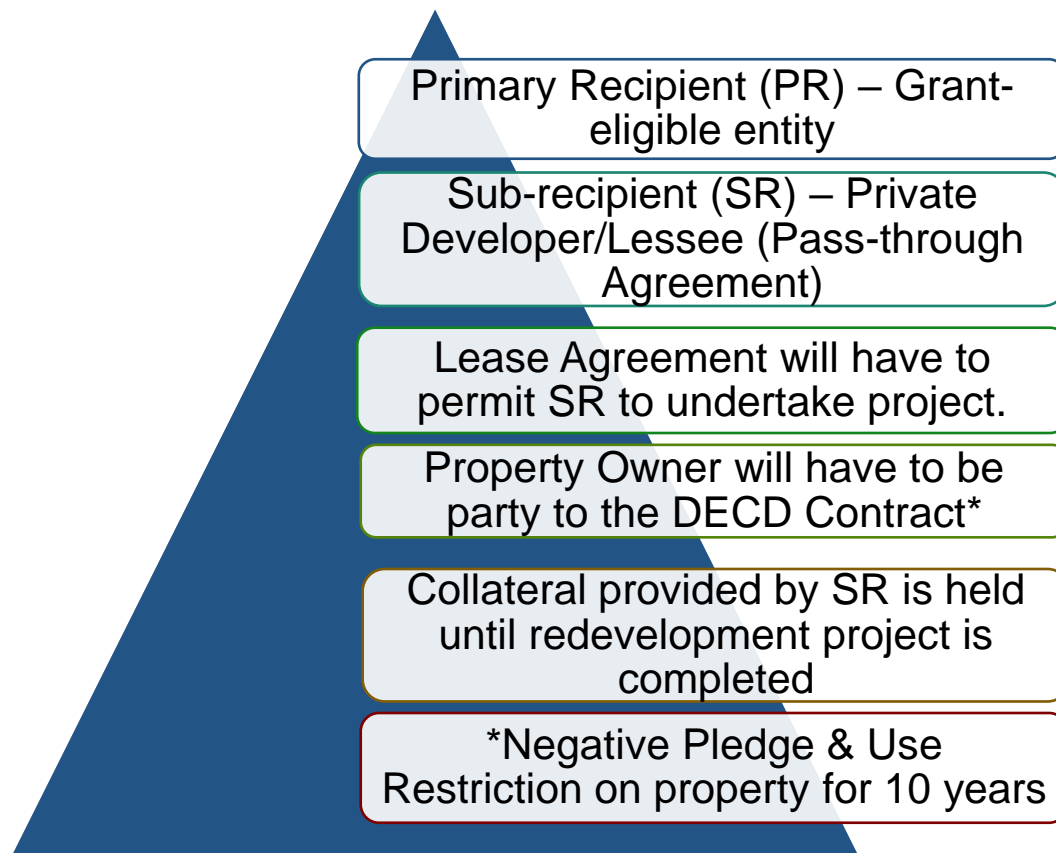
Lease Agreement between owner and developer

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

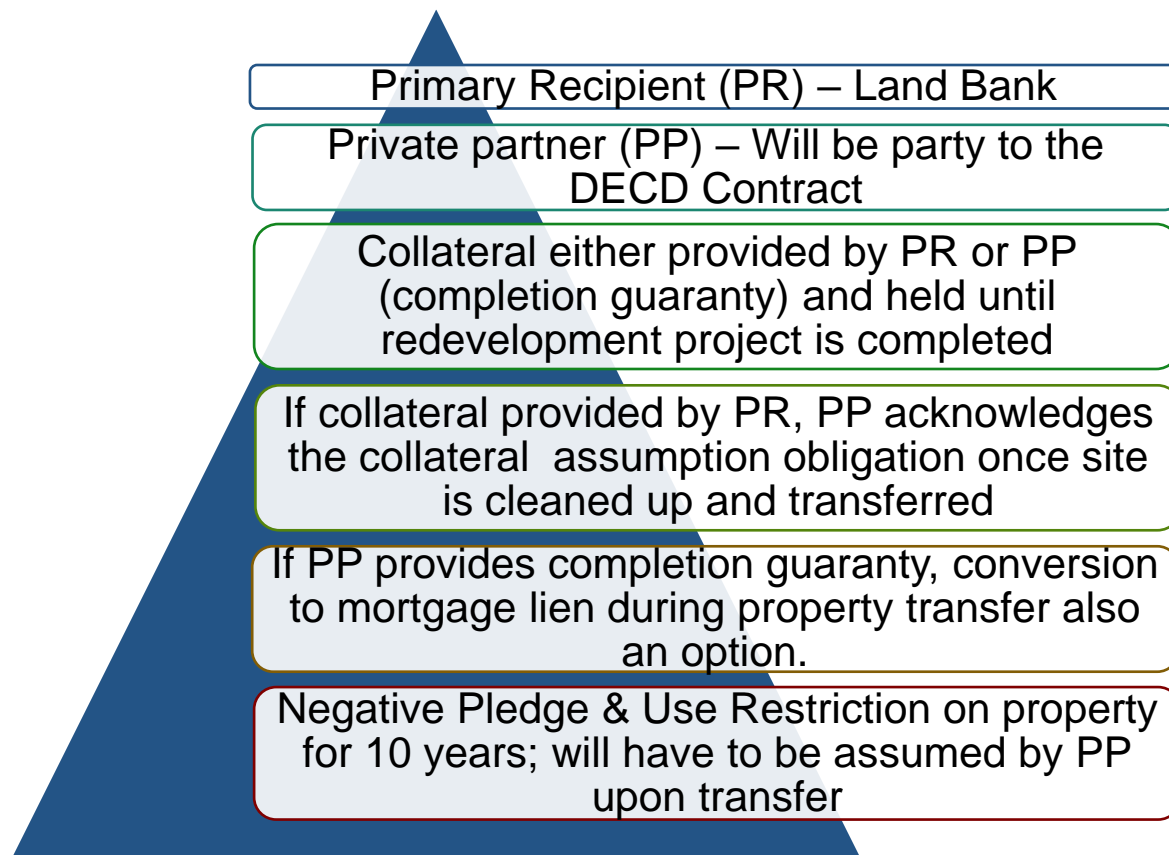
Municipality plans to take property by foreclosure and convey to a Land Bank by a Land Banking Agreement

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.
- 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.

What's New in Round 18?



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What's new in Round 18?

1. Remediation Grant & Loan Application Forms Updated

(DO NOT USE OLDER FORMS – WILL NOT BE ACCEPTED)

- **The Remediation Grant & Loan Application Forms have three sub-parts**
 - 0A. Main Application Form
 - 0B. Budget & Return on Investment Table
 - 0C. Certification of Applicant
- Please make sure to submit all three forms
- **The Budget/ROI Table is now in a convenient excel format**
- **New requirement to submit site photos**

What's new in Round 18?

2. Announcement includes a DEEP grant

- DEEP CERCLA 128 (a) grant (Round 1)
- More details later in the presentation

Important Changes from Round16/17

- DECD Affordable Housing Policy compliance
- Environmental Justice
- Green energy
- Climate change, resiliency, sustainability

Important Changes from Round 16/17

Affordable Housing Policy

- **Effective July 20, 2022 (from Round 16)**
 - May apply to conditional redevelopment initiatives from previous rounds (where scope was not negotiated)
- **Threshold requirement – Part A of Application**
- **Covers grant and loan remediation programs when the proposed redevelopment project includes 10 or more units**
- **A portion of those units must be deed-restricted for below market rates for 30 years**
- **Either A. 10% affordable to households making 50% of AMI (Area Median Income) OR B. 20% affordable to households making 80% of AMI.**
- **Amount spent on housing costs may not exceed 30% of criteria AMI (50% or 80% AMI as per option chosen).**
- **Units – sizes, finishes, bedroom counts, distribution similar to and blended with market rate units**
- **All projects have to comply – unless requested and approved by DECD Commissioner**

Important Changes from Round 16/17

- **Commitment to Environmental Justice**
 - New scoring criteria and question

3. **Explain how the proposed project is committed to achieving Environmental Justice* goals by 1. providing the same degree of protection from environmental and health hazards to all; and 2. To provide everyone equal access to the decision-making process to have a healthy environment in which to live, learn, and work. Provide examples.** *The U.S. EPA defines Environmental Justice as the fair treatment and meaningful involvement of all people regardless of race, color, national origin, or income, with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies.

Important Changes from Round 16/17

3. New Scoring Criteria Added

- Renewable energy and clean Hydrogen production
 - fuel cell installation
 - energy storage
- New scoring criteria and question

7. Is the redevelopment project or proposed end use directly related to the following industrial sectors identified in DECD's economic development strategy (Advanced Manufacturing; Aerospace & Defense; Bioscience & Healthcare; Film, TV, Digital Media; Financial Services; Green Energy; Insurance; Technology & Innovation)? **Describe:** *(example: The former mill will be repurposed to support advance manufacturing. The ACT company manufactures automated guided vehicles and is a major supplier worldwide.)*

8. If the redevelopment project or proposed end use is primarily related to the Green Energy sector, please provide more details. What specific type of Green Energy (wind, solar, hydro power, geothermal, biomass/biofuel etc.) will be produced? Is clean Hydrogen manufacturing, fuel cell installation or energy storage part of the technology or redevelopment plans? *Please write N/A if one of the primary end uses is not related to the Green Energy sector.*

Important Changes from Round 16/17

3. New Scoring Criteria Added

- Climate change, resiliency, sustainability
 - green building design
 - resiliency features
 - New scoring criteria and question
9. Does the proposed redevelopment project design go above and beyond to incorporate environmental sustainability and resiliency features that addresses climate change and reduction of the carbon footprint? Explain and describe specific project features that further the following:
- a. Resiliency measures including low impact development, storm resiliency measures, flood control infrastructure.
- b. Green building design including net-zero building, geothermal, solar panels, green roofs, sustainable materials, energy star windows and equipment etc.

Important Changes from Round 16/17

4. Loan Terms Clarification

- **Permanent Refinancing** - The loan will have to be fully repaid on permanent refinancing (does not apply to initial conversion from construction to permanent debt)

Important Changes from Round 16/17

Submission Deadline and other requests/reminders

- **Friday, Sep 22 at Noon** (not 3 PM!)
- **PLEASE!!!** Submit request to DECD Staff for a SharePoint folder by **noon on Wed, Sep 20, 2023**
 - Please include applicant name, project name and Program Code in Email Subject (e.g.; City of Gotham_Batman Mill_RG)
 - RG – Remediation Grant
 - RL – Remediation Loan
 - AO – Assessment Only
- **Attachments – please number and label as per checklist at end of each Application Form**
- **Assessment – only for Multiple Projects proposed by COGs/Land Banks (please use Cover Sheet)**

NEW!

DEEP'S
CERCLA
128(a) Grant
Program

Round 1

- Available for all eligible applicants including those applying to the Round 18 OBRD programs
- Available over the next 4 years
- Funding awarded to DEEP by the EPA under the Infrastructure Investment and Jobs Act (IIJA)
- DEEP administers the projects under EPA guidelines
- Open to non-profits and municipalities
- Grants awarded for assessment and/or remediation



NEW!

DEEP'S
CERCLA
128(a) Grant
Program

Round 1

- Total Availability for Round 1- \$485,000
- No minimum requested amount
- MAX Request per application:
 - \$250,000 for assessment
 - \$250,000 for remediation
- Special consideration for projects located in Environmental Justice Communities
- Projects that promote park space, greenways, recreational space or other non-profit purposes



NEW!

DEEP'S
CERCLA
128(a) Grant
Program

Round 1

For additional questions:

Please send an email to Meena
Mortazavi

meena.mortazavi@ct.gov

NOFA is available on the OBRD website

www.ctbrownfields.gov



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; 860.263.6606

Thank you!

For additional questions:

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

For questions on the DEEP Grant Opportunity:

Please send email to meena.mortazavi@ct.gov



Thank you!

OBRD Team:

Gregory Ambros

Mark Burno

Shawntay Nelson

Chaimae Sabir

Jennifer Schneider

William Wallach

Mike Wieliczka &

Binu Chandy

www.ctbrownfields.gov