Public Private Partnership (PPP)

Connecticus



What is PPP under this Program?

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

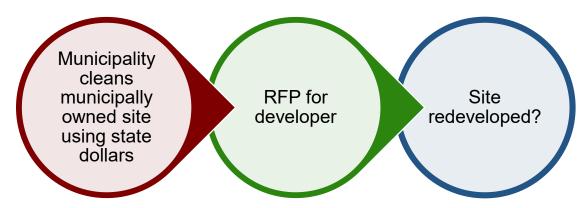


Need for PPP

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



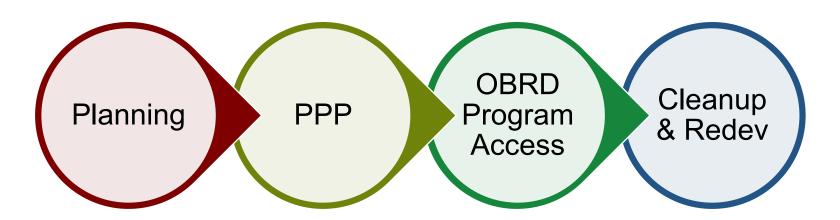
Previous model (typical)



- 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

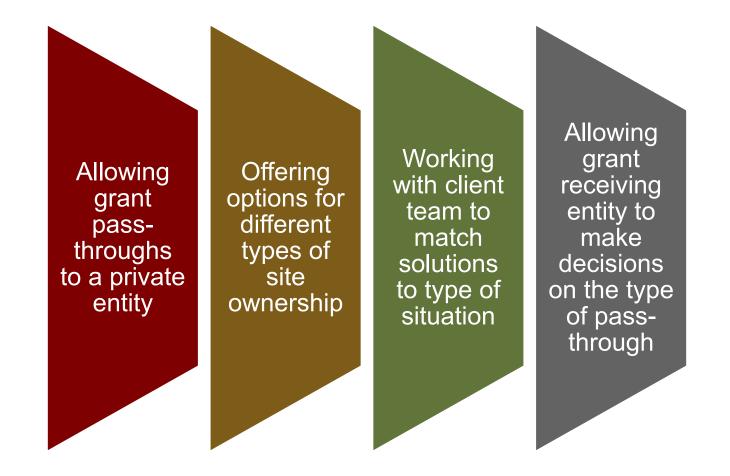
State/Local help to tackle regulatory issues

Helps with cleanup costs

Helps choice of brownfields vs greenfield

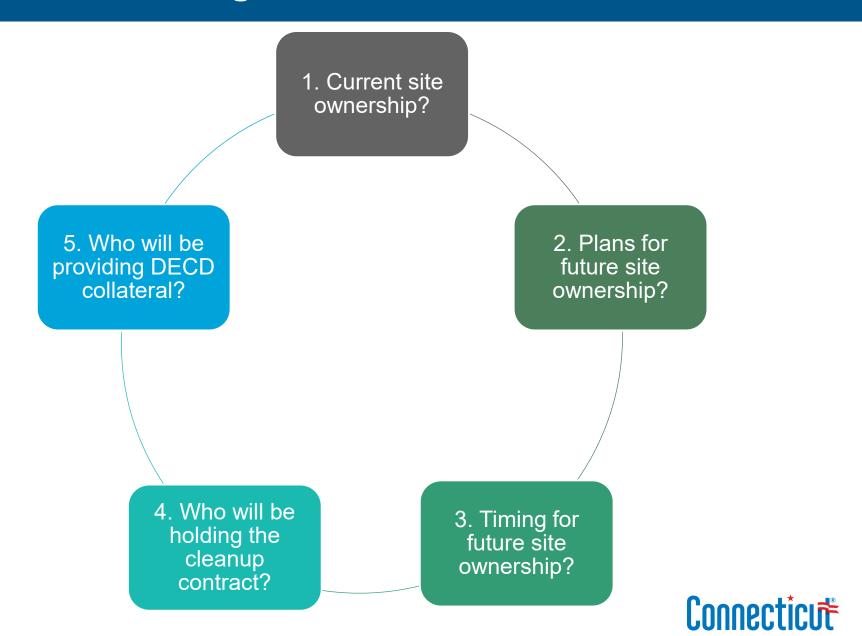


How is OBRD Enabling PPPs





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

Property
Owner
providing a
long term
lease

Municipality or Non-profit entity

Private Developer

Land Bank



3. Timing of Site Ownership

Prior to DECD Contract Execution

In tandem with DECD Contract Execution

During clean-up work

Postremediation or cleanup

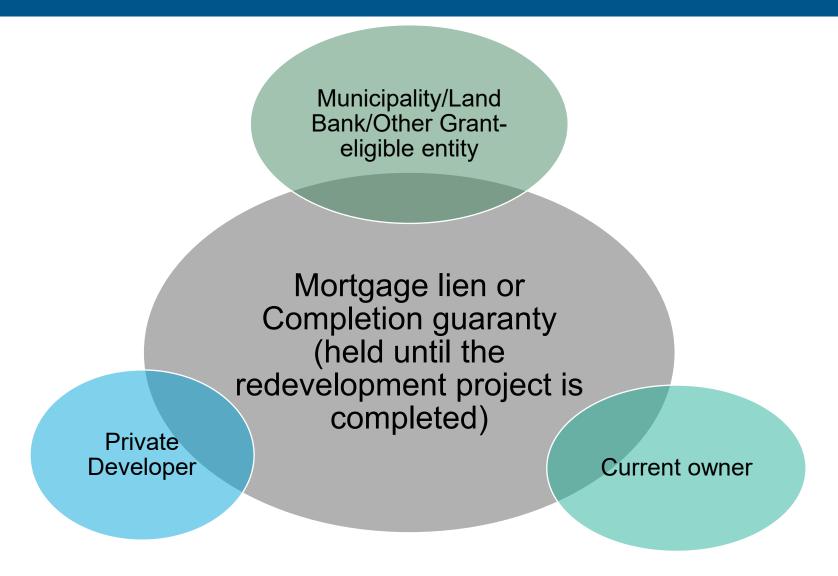


4. Who is going to handle the work contracts?

 Applicant Land Bank (other) Cleanup Private Entity Private Entity Redev



5. Who is going to provide DECD collateral?





PPP Examples





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

Primary Recipient (PR) Municipality

Sub-recipient (SR) – Private Developer (Pass-through Agreement)

Funds reimbursed to PR as project progresses

Funds can be passed through to SR as a grant or loan

Collateral provided by SR held until redevelopment project is completed

Negative Pledge & Use Restriction on property for 10 years



Example #2 - Factors

guaranty

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



Example #2 – DECD Contract

Primary Recipient (PR) - Municipality

Private partner (PP) – Will be party to the DECD Contract

Collateral either provided by PR or PP (completion guaranty) and held until redevelopment project is completed

If collateral provide by PR, PP acknowledges the collateral assumption obligation once site is cleaned up and transferred

If PP provides completion guaranty, conversion to mortgage lien during property transfer also an option.

Negative Pledge & Use Restriction on property for 10 years; will have to be assumed by PP upon transfer



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

Primary Recipient (PR) - Municipality

Sub-recipient (SR) – Private Developer (Pass-through Agreement)

DECD contract will only close if property is transferred

Funds reimbursed to PR as project progresses

Funds can be passed through to SR as a grant or loan

Collateral provided by SR is held until redevelopment project is completed

Negative Pledge & Use Restriction on property for 10 years



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

Primary Recipient (PR) – Granteligible entity

Sub-recipient (SR) – Private Developer/Lessee (Pass-through Agreement)

Lease Agreement will have to permit SR to undertake project.

Property Owner will have to be party to the DECD Contract*

Collateral provided by SR is held until redevelopment project is completed

*Negative Pledge & Use Restriction on property for 10 years



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 <u>OR</u> Developer, Land Bank or Municipality providing a completion guaranty



Example #5 – DECD Contract

Primary Recipient (PR) – Land Bank

Private partner (PP) – Will be party to the DECD Contract

Collateral either provided by PR or PP (completion guaranty) and held until redevelopment project is completed

If collateral provided by PR, PP acknowledges the collateral assumption obligation once site is cleaned up and transferred

If PP provides completion guaranty, conversion to mortgage lien during property transfer also an option.

Negative Pledge & Use Restriction on property for 10 years; will have to be assumed by PP upon transfer



Question & Answer Session





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

