

Public Private Partnership (PPP)



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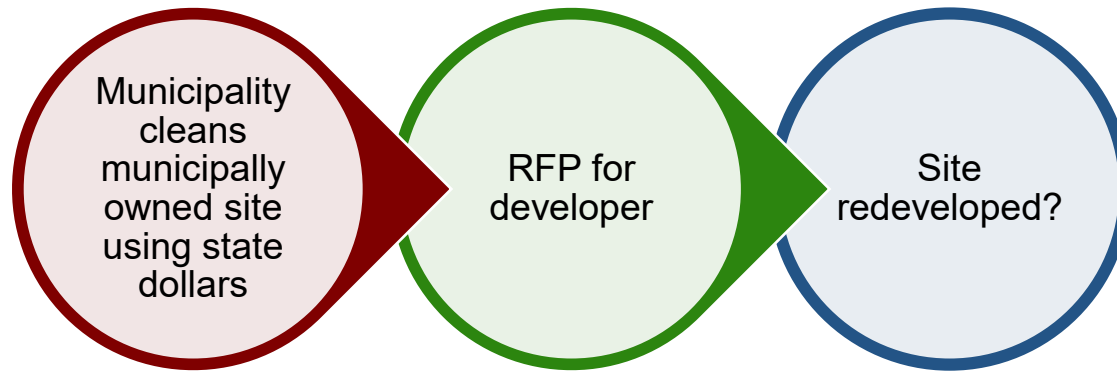
What is PPP under this Program?

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

Need for PPP

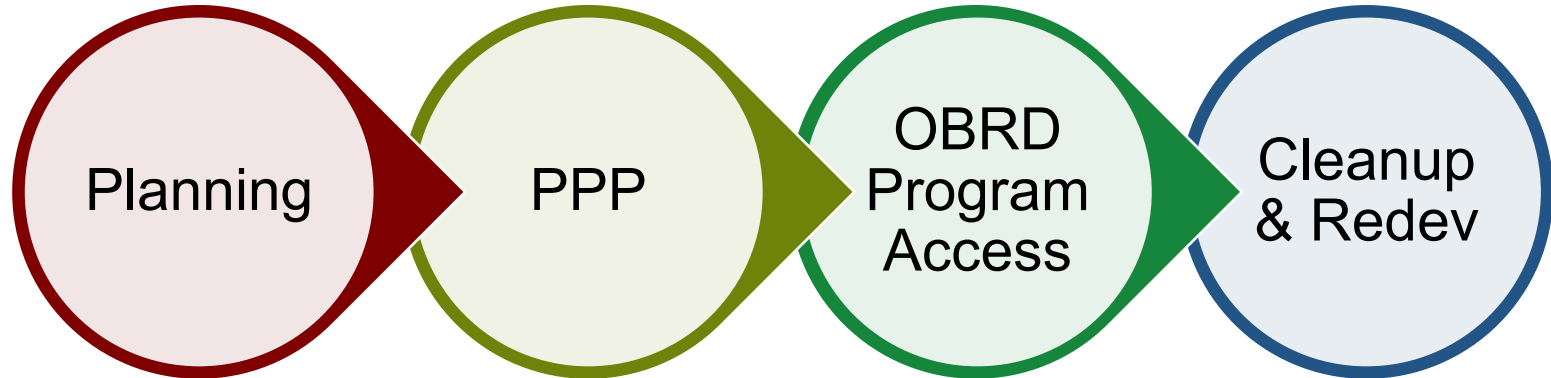
- ☐ Brownfields are always not an attractive option for private developers
- ☐ Higher costs compared to greenfields (untouched lands)
- ☐ Burden of regulations and permits and liability risk with brownfield redevelopment
- ☐ Brownfield sites are usually in the best locations – downtowns, near transit,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

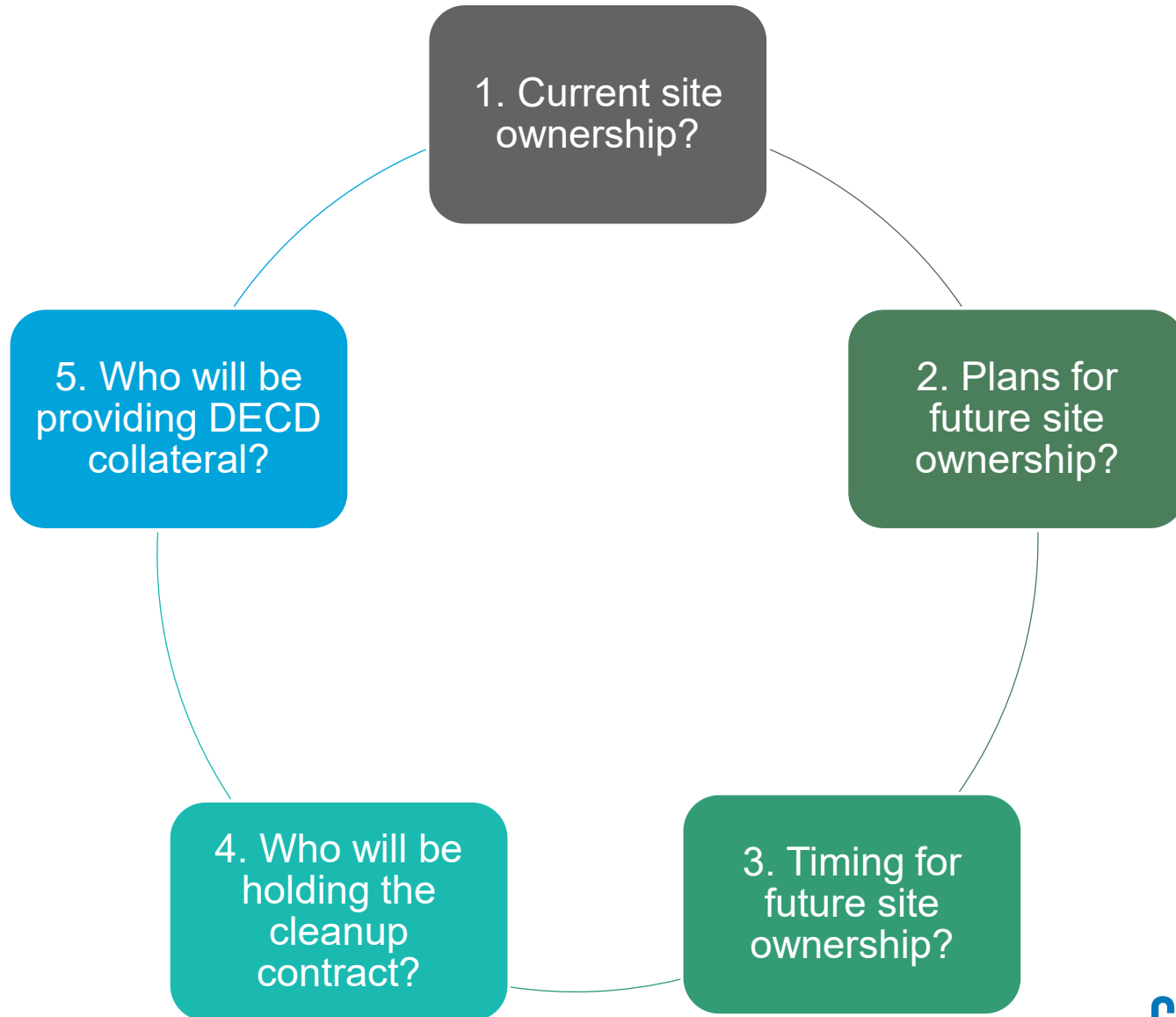
Allowing
grant
pass-
throughs
to a private
entity

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

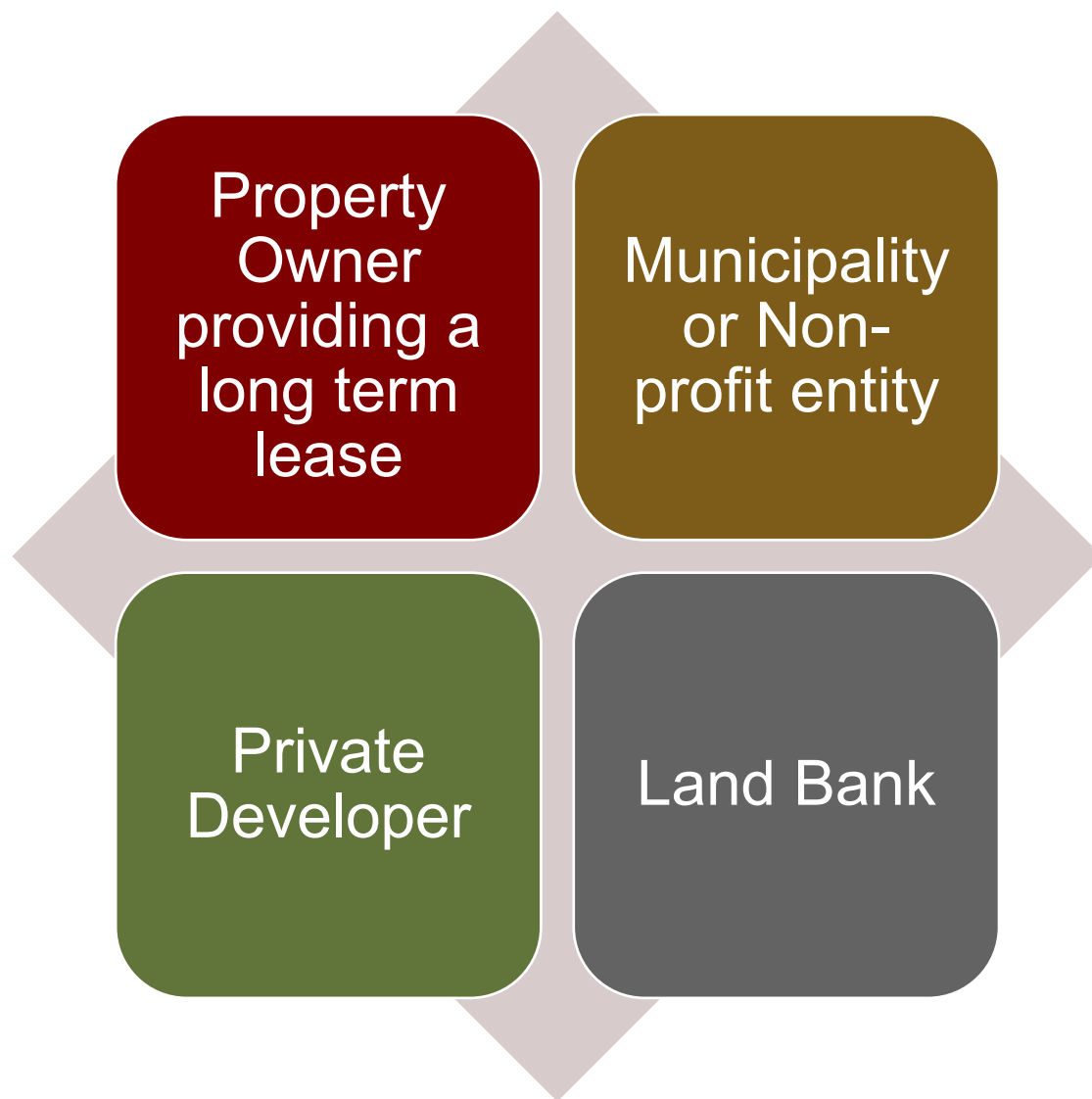
Unrelated
seller (PSA*
w/Private
entity)

Municipality
or Non-
profit entity

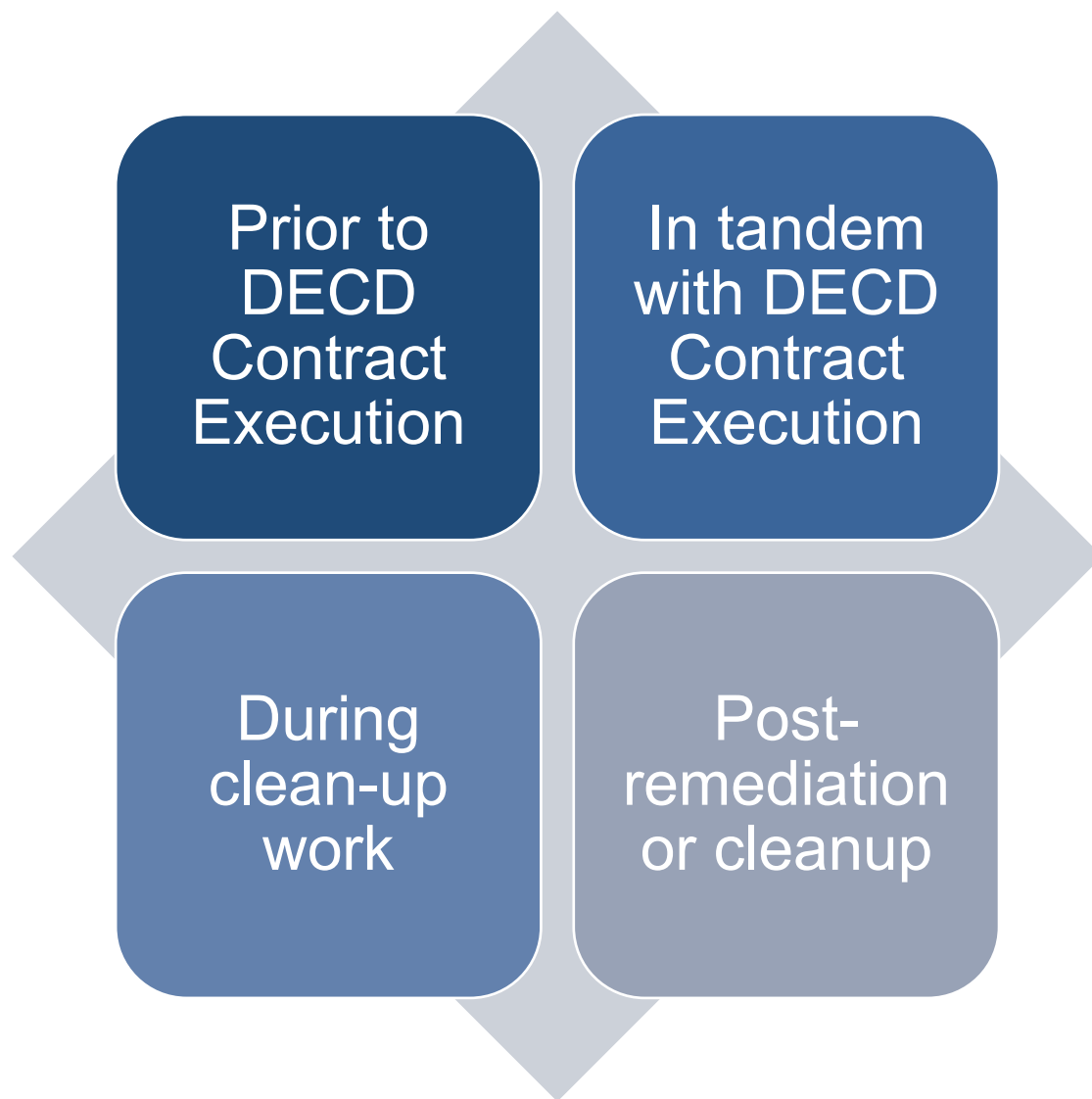
Private
Developer/
Owner

Land Bank

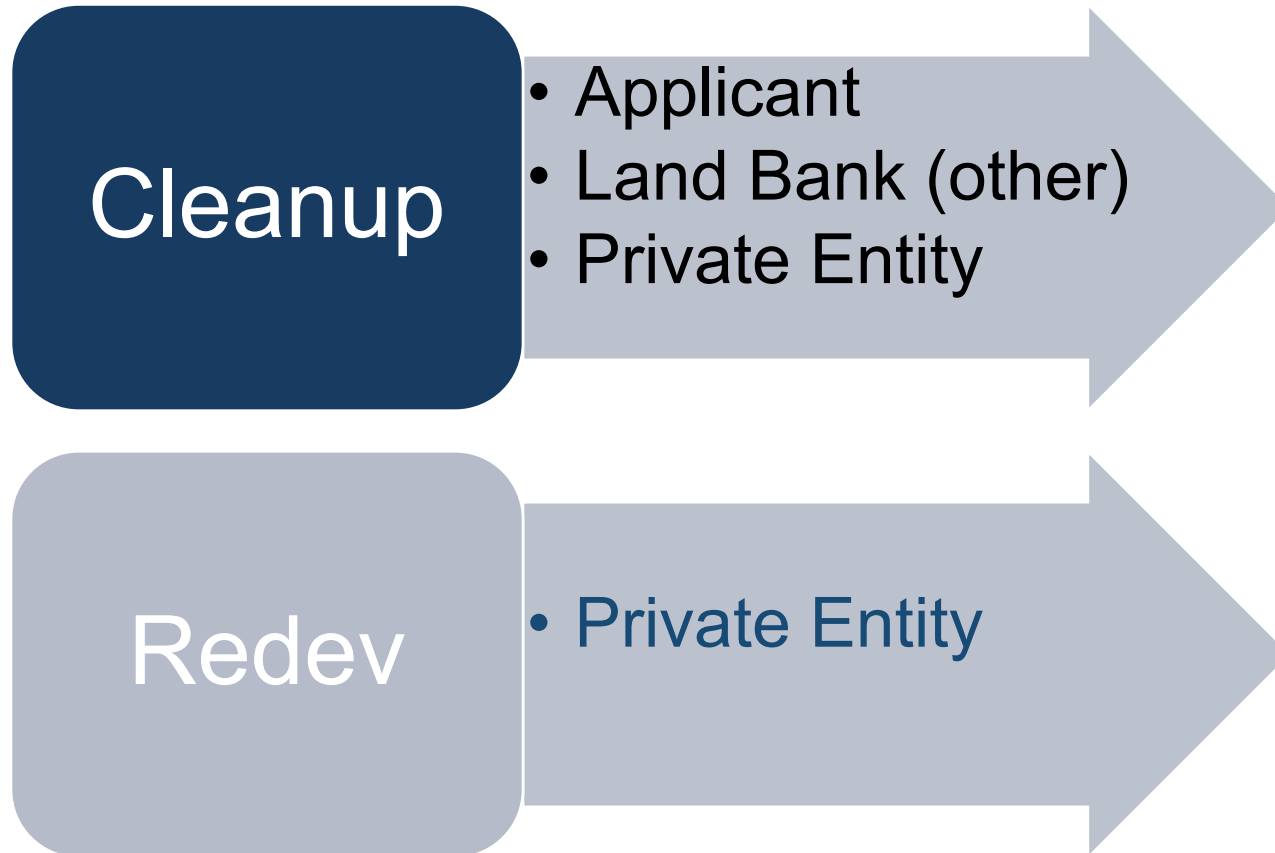
2. Future Site Ownership



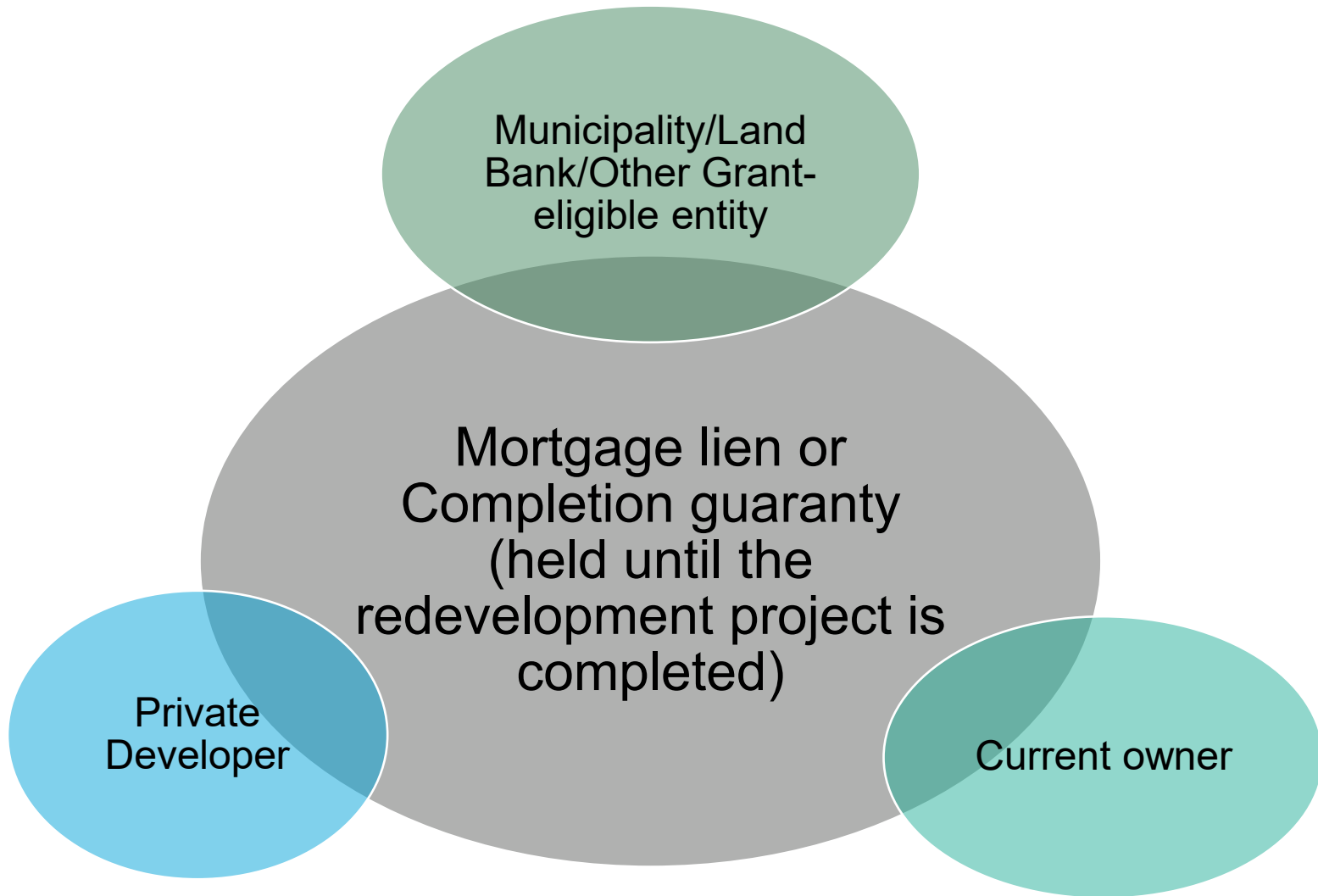
3. Timing of Site Ownership



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

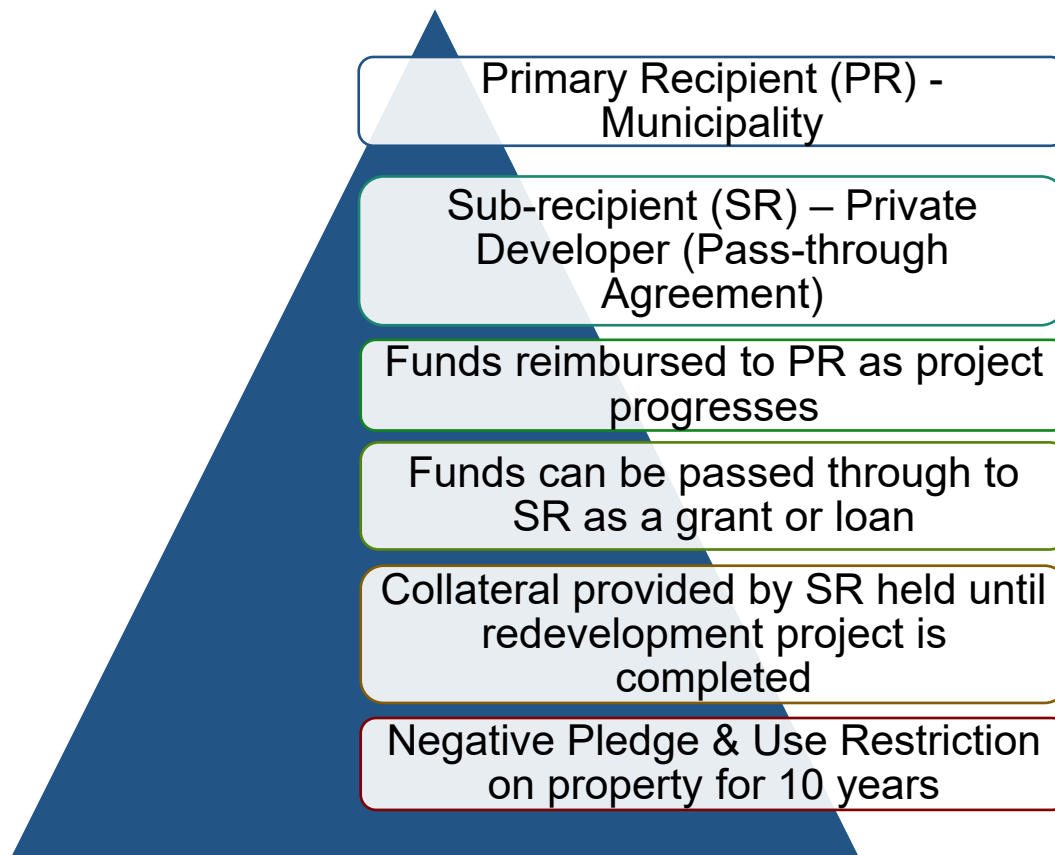
Purchase & Sales Agreement with Developer

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

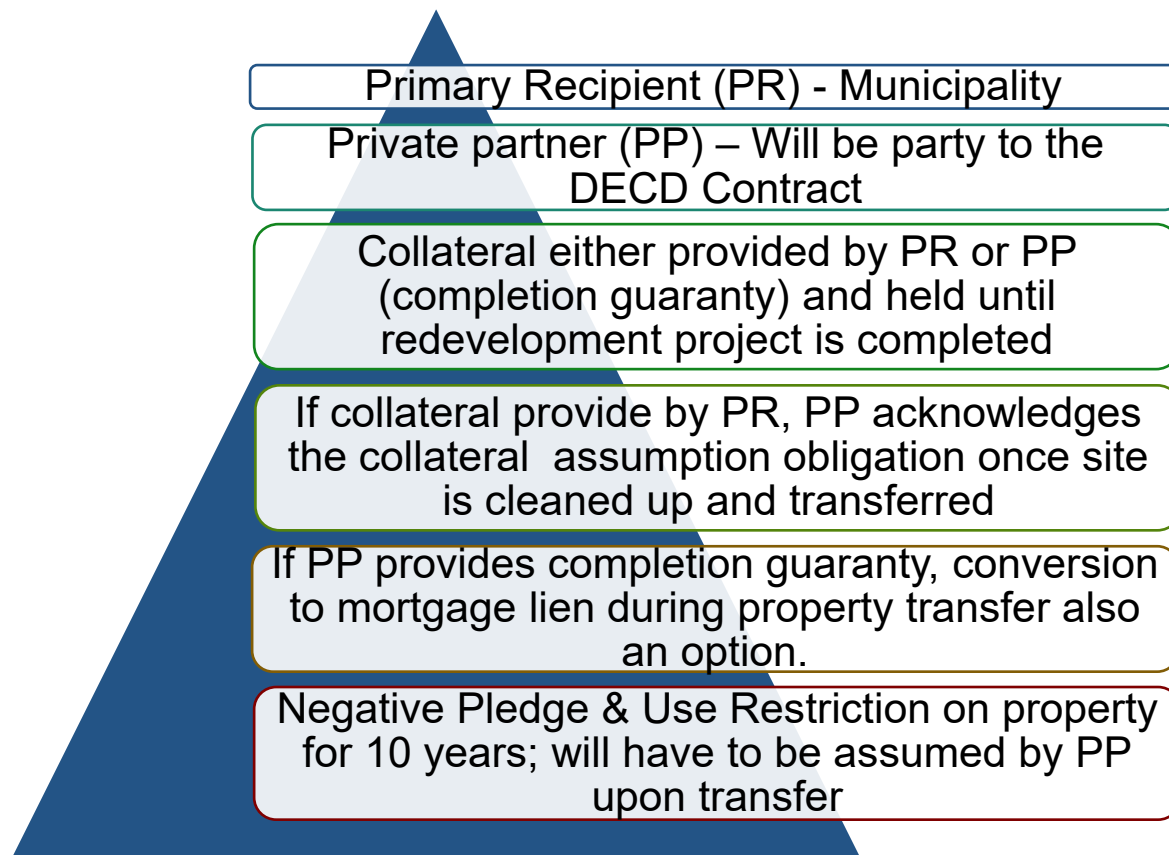
Purchase & Sales Agreement with Developer

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

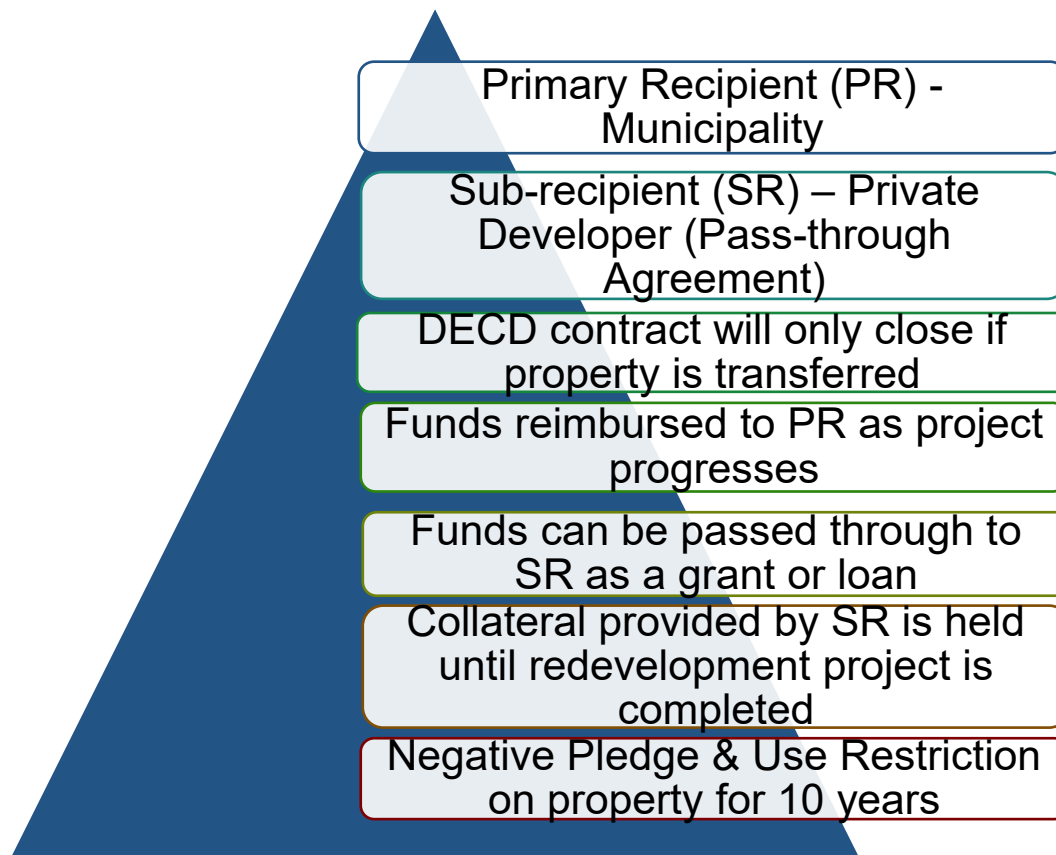
Purchase & Sales Agreement between seller and developer

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)

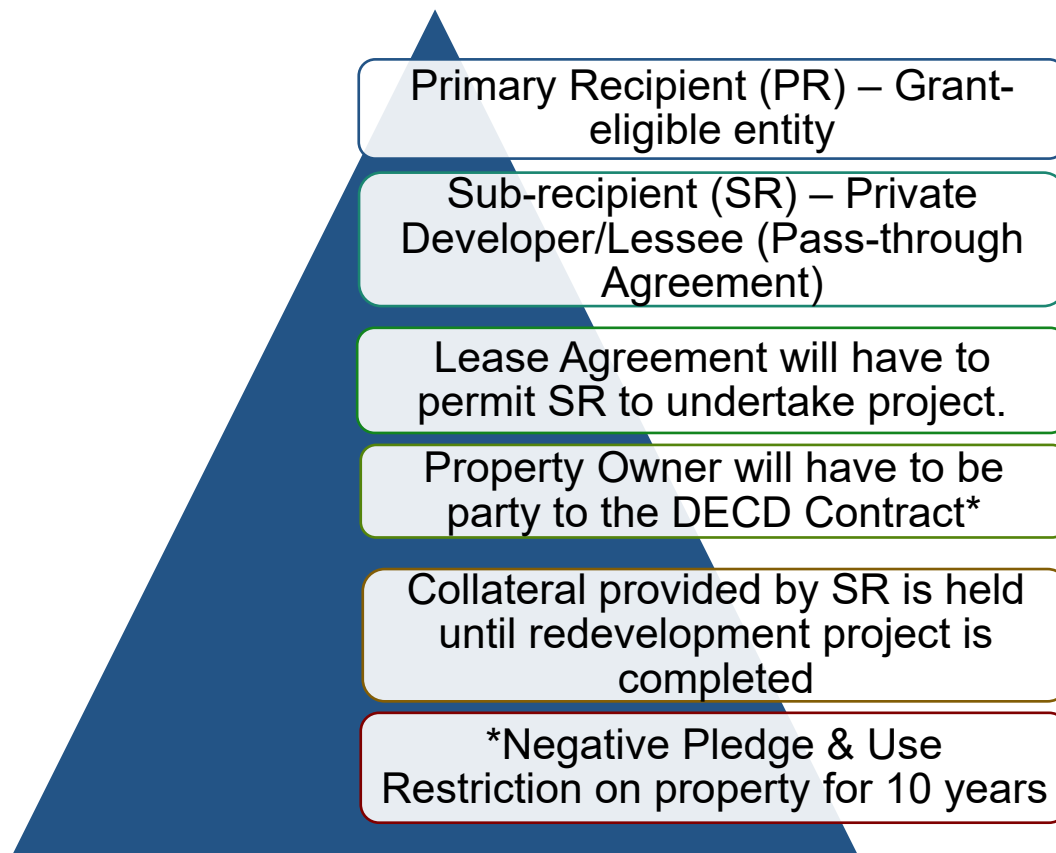
Lease Agreement between owner and developer

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

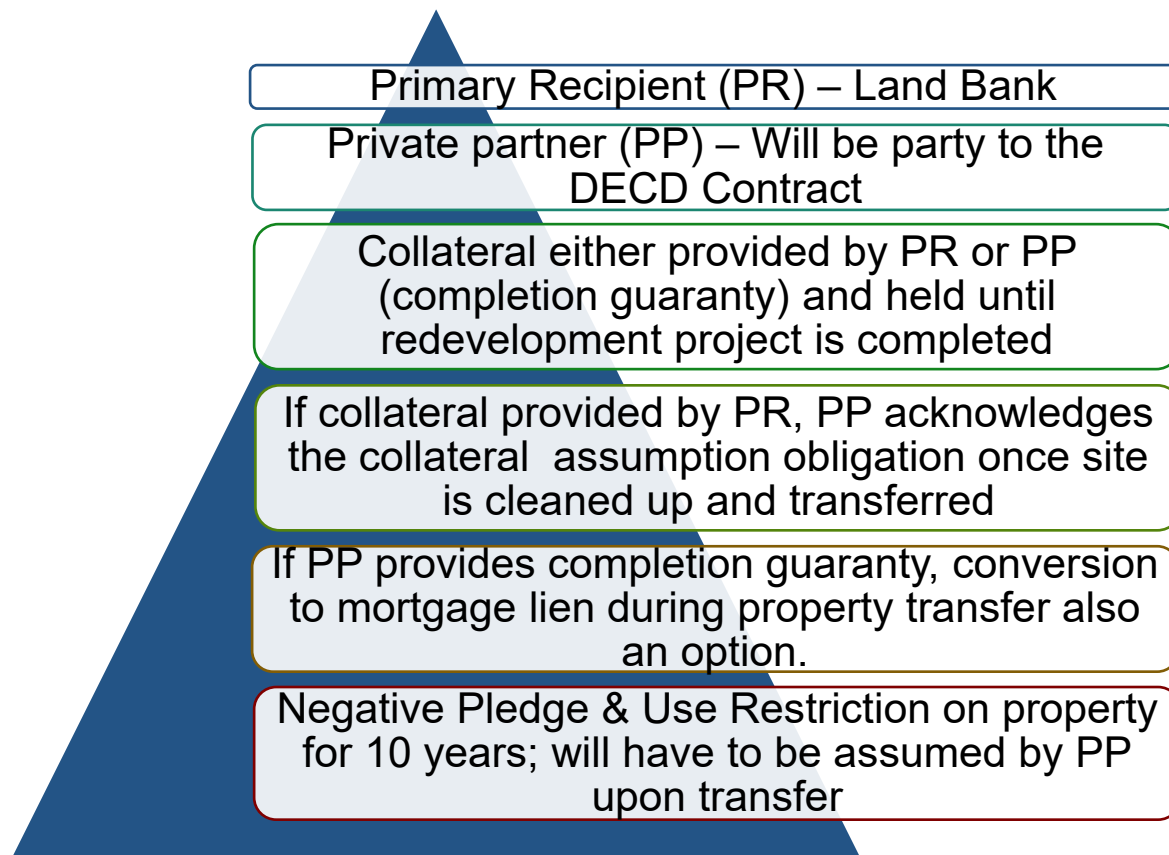
Municipality plans to take property by foreclosure and convey to a Land Bank by a Land Banking Agreement

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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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

