BENEFITS of BROWNFIELD REDEVELOPMENT in MINNESOTA
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Minnesota Brownfields is a 501-c3 non-profit organization.
Our mission is to promote the efficient cleanup and reuse of contaminated land as a means
of generating economic growth, strengthening communities, and enabling sustainable
land use and development. For more information visit www.mnbrownfields.org.

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Introduction

Minnesota faces continued challenges in creating a prosperous future for its communities. Economic competition, aging infrastructure, finite public resources, climate change, fragile natural resources, and shifts in demographics and market preferences demand solutions that strengthen Minnesota's communities, making them economically and environmentally sustainable now and in the future.

This report highlights how redevelopment of idled, contaminated commercial and industrial properties can enable economic growth and community revitalization, while improving the environment. Thousands of these brownfield properties lie stagnant across the state, presenting a prime opportunity to bolster Minnesota’s economy, improve environmental health, decrease carbon emissions, and revitalize distressed communities.

In 1992, Minnesota pioneered the process for brownfield reuse and redevelopment by authoring the nation’s first land recycling legislation. Since then, many of our most visible brownfield sites have been cleaned up and repurposed. Yet vast opportunity remains. As of September 2012, the EPA estimated that over 5,700 Minnesota brownfield sites have been cleaned up under the Minnesota Pollution Control Agency’s (MPCA) Brownfields Programs, which averages approximately 200 new sites entering these programs each year.

Nevertheless, an estimated 10,000 or more additional sites in Minnesota are still contaminated, while tens of thousands of sites beyond that have yet to be identified. When contamination is identified or suspected, these sites drag down area property values, causing blight and increased crime, posing public health threats and creating functional holes in the fabric of our communities.

Timely clean up and revitalization of contaminated properties is key to the future economic vitality and sustainability of Minnesota’s communities. While unaddressed brownfield sites can hurt communities, a number of successful redevelopment projects in Minnesota have demonstrated the significant and enduring economic, environmental, and social benefits that brownfield redevelopment can bring, including:

- Job creation
- Local economic growth and investment
- Revitalization of tax base/tax revenue
- Efficient use of existing infrastructure
- Neighborhood revitalization
- Reuse of existing commercial properties
- Property value increases
- Reduced threats to public health
- Air and water quality improvements
- Reduced sprawl
Minnesota’s economy, environment, and people benefit when idled brownfield sites are reused. This report analyzes approximately 20 years of performance data on past brownfield cleanup and redevelopment in Minnesota, explains the various economic, environmental, and social benefits that brownfield cleanup and redevelopment offer to Minnesota’s communities, and provides recommendations to bolster Minnesota’s economy, environment, and communities by Minnesota’s Brownfields

More than 450,000 brownfields exist throughout the United States. In Minnesota, brownfields are concentrated in the state’s urban and industrial centers, but also exist in smaller communities and rural areas. Between 1995-2014, nearly 8,000 unique brownfield sites enrolled in MPCA cleanup programs. In 2015, a total of 79,676 acres (124 square miles) were enrolled in the Voluntary Investigation and Cleanup Program and the Petroleum Brownfields Program. This represents an area greater than the combined area of the cities of Minneapolis, St. Paul, and Richfield (121 square miles).

Despite Minnesota’s brownfield cleanup and redevelopment successes, the MPCA estimates that there are 5,000-10,000 brownfields or potential brownfield sites in Minnesota, in addition to countless additional sites that likely exist but have yet to be identified. Identified sites range from small corner gas stations with leaking underground storage tanks to large abandoned industrial complexes with plumes of contaminated groundwater migrating off-site. Map 1 (next page) shows the distribution of such brownfield sites throughout Minnesota.

Most of these sites will remain idle or underutilized without private and public investment. Cleanup and redevelopment of these sites, particularly those that are currently idle, brings economic, social, and environmental benefits to the communities in which they are located – maximizing each dollar of public investment and producing direct, measurable results.

Businesses, governments, and other organizations find redeveloped brownfield sites to be opportune locations for their new facilities. In Minnesota, redeveloped brownfield sites have attracted a wide range of new occupants and uses:

- Pier B Resort, Duluth
- Beacon Bluff Business Center, St. Paul
- Best Buy Corporate Headquarters, Richfield
- Washburn Center for Children, Minneapolis
- Oxford Green Housing, Hopkins
- Schmidt Artist Lofts, St. Paul
- LifeSource, Minneapolis
- Castle Danger Brewery, Two Harbors
- Ikonics, Atlas Eco-Industrial Business Park, Duluth

Minnesota's economy, environment, and people benefit when idled brownfield sites are reused. This report analyzes approximately 20 years of performance data on past brownfield cleanup and redevelopment in Minnesota, explains the various economic, environmental, and social benefits that brownfield cleanup and redevelopment offer to Minnesota’s communities, and provides recommendations to bolster Minnesota’s economy, environment, and communities by

7,315
MPCA-registered sites in Minnesota that are eligible for cleanup and redevelopment.

- MPCA’s What’s In My Neighborhood database, May 2014
Map 1: Distribution of Brownfields in Minnesota, 2015

*Includes all sites categorized as: Active Leak Site, Voluntary Investigation and Cleanup (VIC) Site, Petroleum Brownfields (PB) Site, Resource Conservation and Recovery Act (RCRA) Cleanup Site, Tank Site, Superfund Project, Landfill Open, Landfill Permitted by Rule. Inactive brownfield sites, agricultural chemical release sites and drycleaner sites are not included.
The Benefits of Brownfield Cleanup and Redevelopment

Brownfield cleanup and redevelopment makes Minnesota and its communities more sustainable—economically, environmentally, and socially. Blighted and contaminated land harms the vitality and health of a community or population, while cleaning up and redeveloping brownfields can restore vibrancy, economic dynamism, and environmental health. Furthermore, the success of one redevelopment project often serves as a catalyst for the resurgence of surrounding areas. Specifically, when brownfield sites are redeveloped:

- Communities retain and add jobs;
- Property values increase, expanding local tax base and attracting further development;
- Communities become healthier, more vibrant, and prosperous through increased investment and the cleanup of contamination;
- Urban sprawl slows and pollution, emissions, and runoff are reduced due to the centrality and density of brownfield sites;
- Community revitalization catalyzes further cleanup and redevelopment.

Brownfield redevelopment enables equitable, environmentally sound revitalization of local economies, benefitting Minnesotans for generations to come. The following sections detail the economic, social, and environmental benefits of brownfield redevelopment and describe how Minnesota can capitalize on the potential of brownfield sites.

**Economic Benefits**

Economic impact is one of the most visible and measurable results of remediating and redeveloping a brownfield site. Brownfield redevelopment enables job creation and retention, private investment, tax base revitalization, efficient use of existing infrastructure, and economic competitiveness through density. Additionally, redeveloping brownfields benefits surrounding properties by attracting new businesses, often leading to further economic development and tax base expansion. Collectively, these benefits contribute to economic competitiveness at the local and regional level, providing a substantial return on public investment. Each dollar of U.S. EPA investment in brownfield projects leveraged approximately $18.65 from private sources.

**Job Retention and Creation**

Brownfield redevelopment helps communities retain jobs and even create new ones. A 2008 national study estimated that one permanent job is leveraged per $10,000-$13,000 invested in a brownfield redevelopment project. The U.S. EPA reported that its Brownfields Program leveraged 11,182 jobs in FY 2015 alone.
Closer to home, the Minnesota Department of Employment & Economic Development (DEED) reports that projects funded through its Contamination Cleanup and Investigation Grant Program during 1995-2015 retained 24,250 jobs and created 21,370 new jobs.8

Leveraging Private Investment

By offsetting the costs and liabilities associated with redeveloping contaminated property, public assistance can unlock significant private investment. The majority of investment in brownfield redevelopment comes from private sources. The EPA reports that its brownfield grants have leveraged more than $21.6 billion in public and private investment since the program’s inception.9

Public investment makes brownfield sites financially viable for private developers. The private development that follows can power the economic resurgence of an entire community – through businesses big and small. Within the past two decades, a number of major multi-national corporations have chosen to build on remediated brownfield sites within the MSP metro region. Corporations such as Best Buy, Medtronic, Target, and U.S. Bank were each attracted to the locational efficiency and ready availability of infill brownfield sites. Attracting and maintaining such large employers is critical to Minnesota’s future economic success.

Recent market trends have renewed interest in residential development within inner urban areas. In the past decade, consumer demand for residential land uses has shifted inwards, reversing the demand for suburban and exurban locales of the past several decades.1 Area developers note that their commercial properties located on infill brownfield sites have significantly outperformed businesses located on greenfield sites.

$31

Average private investment leveraged for each $1 of grant funding from the Minnesota Department of Employment & Economic Development’s two main brownfields grant programs
Tax Base Expansion and Revitalization

Brownfield redevelopment enables tax base expansion. A U.S. Conference of Mayors study found that redevelopment of 654 brownfield sites in 50 cities between 1993-2010 yielded a $309 million collective tax base increase.\textsuperscript{xii} Yet there is still greater potential. The same survey showed that 58 cities projected that if their known brownfields were redeveloped, they could collect $872 million-$1.3 billion/year in incremental local tax revenue, an annual projected increase per municipality of between $15 -22 million.\textsuperscript{xii} Many brownfield sites are located in declining urban areas, so this level of tax base revitalization provides economic stimulation beyond what any state or federal subsidy could alone produce. In Minnesota, projects supported through DEED’s Contamination Cleanup and Investigation Program have contributed an estimated $93.3 million to the collective local tax base.\textsuperscript{xiii} In Hennepin County, Environmental Response Fund (ERF)-aided projects have generated at least $66 million more in incremental property taxes.\textsuperscript{xiv}

Redevelopment projects are usually more fiscally productive than traditional developments. A Florida study of relative fiscal productivity in various land uses revealed that compact, mixed-use developments in central locations, like those of many brownfield projects, generate more property tax revenue per acre than single-use developments in more suburban areas.\textsuperscript{xv} Brownfield redevelopment can expand tax base at a higher rate than single-use developments in greenfield locations.

Efficient Use of Existing Infrastructure

Brownfield redevelopment reduces public infrastructure costs. Development on greenfield sites requires extension of public sewage and water systems, other utilities, streets and other transportation facilities, schools, and parks. Greenfield infrastructure is less dense than urban infrastructure. Brownfield sites enable reuse of existing public infrastructure and preservation of undeveloped land at the urban fringe. Municipalities and developers can therefore forego considerable infrastructure costs by supporting infill development on brownfield sites. A study of potential nationwide cost savings from compact development found that developers and new building occupants could save almost $250 billion in infrastructure costs over 25 years if the projected 25 million new housing units built during that time followed smart growth principles and occurred in infill locations instead.\textsuperscript{xvi}

\begin{quote}
"Redeveloping brownfields enables infill development that takes advantage of existing infrastructure. This increases density and regenerates community vitality with underused parcels."
\end{quote}

\textit{-Abbie Loosen, Project for Pride in Living}

\begin{itemize}
\item Former Navy-owned WWII munitions plant on east bank of Mississippi River. Groundwater contamination plume; at one time Site was the highest scored Superfund in U.S.
\item Intrepid development and environmental team successful at partially de-listing from Superfund.
\item First phase generates $10m in new property tax base & $400,000 in increased property taxes.
\item Total project expected to create 3,000 new jobs.
\end{itemize}
Numerous metro-scaled models have demonstrated that smart growth enables infrastructure cost savings.\textsuperscript{xvii}

**Economic Benefits of Density and Connectivity**

Redevelopment’s relative density can boost a neighborhood or community’s economic competitiveness. Brownfield sites can host compact, dense development, which increases economic productivity.\textsuperscript{xviii} Why? Easier contact and transportation access enhances connectivity and flow of ideas between businesses and individuals. Cities have recently capitalized on the benefits of density in boosting productivity by using transit-oriented and cluster-based economic development strategies to create high-skilled and high-paying jobs through clusters of interrelated firms, industries, and supporting organizations at a regional level. Cluster approaches foster innovation, enhance productivity, and improve regional economic performance.\textsuperscript{xix}

Large urban brownfields, such as St. Paul’s former Ford Plant site and areas along the Green Line transit corridor between St. Paul and Minneapolis offer considerable potential for cluster redevelopment as they often offer well-located infill property that encourages compact development and the creation of mixed-use districts.

**Social Benefits**

Brownfield cleanup and redevelopment makes Minnesota’s communities safer, stronger, and more vibrant. Not only can brownfield reuse improve the perception of blighted areas and increase property values and investment, it improves public health and livability.

**Removing Blight, Reversing Negative Perceptions, and Increasing Property Values**

When brownfield sites are remediated and returned to productive use, benefits extend to the surrounding community. The removal of blight and contamination makes an area more attractive to investment and results in increased adjacent property values. Although the exact impact on adjacent property values depends on the condition of the neighborhood, size of the brownfield, and many other factors, property values almost always increase. A national study found that the cleanup and redevelopment of brownfield sites led to property value increases ranging from 5-15\% for properties within three-quarters miles. The study yielded the following results for Minneapolis:\textsuperscript{xx}

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Property Value Increase Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Geographic Radius = 2,500 ft)</td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>3.1%</td>
</tr>
<tr>
<td>Commercial</td>
<td>4.6%</td>
</tr>
<tr>
<td>Parks</td>
<td>4.4%</td>
</tr>
<tr>
<td>Industrial</td>
<td>3.2%</td>
</tr>
<tr>
<td>All sample (net)</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

National research provides further evidence that cleaning up brownfields increases property values. An independent study of EPA Brownfields projects found that cleanup led to nearby housing price increases between 4\%-32\%.\textsuperscript{xxiii}
Cleanup and redevelopment of brownfields can also improve negative perceptions of an area, creating a positive environment for new investment and community improvement, particularly in blighted and disinvested urban neighborhoods. xxiv

Poorer urban neighborhoods often experience the highest marginal returns from redevelopment. xxv

Once built, a redeveloped former brownfield can dramatically improve quality of life and promote a sense of community in economically distressed areas—changing the perceptions of a neighborhood and setting the stage for new development.

**Public Health Improvements and Environmental Justice**

Communities with concentrated and untended brownfields face multiple public health threats, including exposure to harmful chemicals, poor air quality, a lack of green space or recreation areas, elevated blood lead levels, and asthma prevalence. xxvi Adverse health outcomes from concentrated brownfields include excess deaths due to respiratory illness and cancer. xxvii

Residents in minority or low-income communities are disproportionately put at risk to environmental pollution. Cleanup of contamination at brownfield sites has been shown to ensure better health, including reduced cancer risk, for the surrounding community. xxviii xxix When brownfield cleanup occurs at a community-wide or regional scale, public health benefits are compounded, including reducing healthcare costs and making communities more resilient.

In 2013, MPCA updated their commitment to environmental justice by adding strategic goals that align with its current policy framework and agency mission.

**Meeting Increasing Demand for Urban Living**

Urban infill development and smart growth help meet increased demand for housing by renters and homebuyers who prefer homes in compact, urban neighborhoods. Surveys indicate that a majority of Americans want short commutes, sidewalks, and walkable destinations. xxx This shift in demand is occurring with older adults seeking the accessibility offered by urban locations, as well as young adults who favor urban living with short commutes, vibrant neighborhoods, accessibility, and mixed-uses. xxxi

Redeveloped brownfield sites, often located along existing transit lines, assist cites in meeting their goals by creating new market rate and affordable mixed-use housing. xxxii Mixed-use development using brownfield sites can create vibrant, diverse communities and address housing problems in places that previously suffered from blight and shortages of affordable or market-rate housing.

“[Lincoln Park] had the highest number of brownfields when [Duluth] did an inventory on three neighborhoods along the St. Louis River corridor. There was blight and crime in the Lincoln Park neighborhood. [Clyde Park] gave the Lincoln Park neighborhood a shot in the arm, and put the neighborhood in motion to see its potential.”

-Heldl Timm-Bijold, Duluth Economic Development Authority

**Steve O’Neil Apartments, Duluth**

- Project transformed a formerly blighted and crime-ridden corner into 44 units of housing, including six emergency shelter units for families with children, with additional supportive services on site.

- Strong partnership between developers and community partners. A $12.8 million investment, the project is named after a longtime community activist on behalf of the homeless. Construction began fall, 2013 and opened in December, 2014.
Environmental Benefits

Brownfield cleanup and redevelopment health benefits also translate to the environment. Many brownfield sites in Minnesota contain soil and groundwater contamination at levels posing unacceptable risks to human health and the environment, based on EPA and MPCA guidelines.

As these sites are redeveloped, contaminated soils are removed or isolated to prevent exposure, buildings can be constructed to keep contaminant vapors from seeping in, and groundwater may be treated to remove contaminants. The MPCA’s voluntary cleanup programs provide oversight of these cleanup activities, determining what levels of action are sufficient to protect human health and the environment. MPCA’s remediation programs investigate and determine the appropriate clean-up and development strategy for sites that have impacted human health and the environment. MPCA works with owners and operators, community groups, and surrounding residents to develop a plan to remediate the site for future use while addressing the past contamination issues.

4.5
The average number of greenfield acres conserved by redeveloping one brownfield acre.

Beyond the site-specific benefits of brownfield redevelopment, redeveloping brownfields can provide positive environmental impacts to surrounding communities by:

- **CHS Field, St. Paul**
  - Developed in 1885, the 11-acre site historically operated as a coal gas manufacturing site.
  - $63 million investment. Cleanup included 71,546.83 tons of contaminated soil and 10,474.23 tons of asbestos removal.
  - CHS Field is the first venue to meet Minnesota’s B3 Sustainable Building 2030 Energy Standards becoming the “greenest ballpark in America”, with solar panels, water reclamation, clean stormwater, sustainable public transit, and an on-site dog park.
Reducing energy consumption and emissions: The density and urban location of most brownfield sites reduce demand for transportation, resulting in energy savings and reduced emissions. Brownfield redevelopment reduces transportation-related VMT (vehicle miles travelled) and GHG (greenhouse gas) emissions per capita by 20-57% relative to conventional greenfield development. xxxiii, xxxiv, xxxv

Improving air quality: Reduction in VMT and GHG emissions achieved through redevelopment reduces air pollution. The EPA reports that brownfield redevelopments produce 32-57% less air pollutant emissions per capita relative to greenfield developments. xxxvi

Reducing storm water runoff: The relative density of redevelopment improves water quality by reducing storm water runoff. One study estimated that “total runoff in the [Minneapolis-St. Paul metro area] would be 59-69% lower if development occurred on brownfields rather than pasture areas.”xxxviii

Curbing sprawl and conserving land: Redeveloping brownfield sites, vs. greenfield or “sprawl” development, enables conservation of undeveloped land and habitat at the urban fringe. Reducing greenfield development and repurposing brownfields for residential and other uses is the most land-efficient way to accommodate population growth.

Providing urban green space: Brownfields can be repurposed for green and recreational spaces, including community gardens, pocket parks, and green infrastructure. Greening brownfields improves quality of life for residents, especially in underserved neighborhoodsxl, and incentivizes private investment in surrounding area.xli

So What? The High Cost of Doing Nothing

Idle and blighted brownfields produce negative consequences. These “orphan” sites limit local job opportunities and tax base, community activity and vibrancy, while increasing the potential for crime, increased risk of exposure to contaminants, and depressed property values. At the regional and state scale, this translates to increased public infrastructure and health care costs, more traffic and air pollution, and diminished economic competitiveness. The EPA has found that areas with brownfield cleanup or redevelopment in process have statistically-significantly higher median household incomes, and have lower poverty, unemployment, and housing vacancy rates than in similar neighborhoods where redevelopment is not occurring. xlii

In Cleveland and Atlanta, untended brownfields lowered surrounding property values. xliii The negative influence of brownfields on nearby property values is seen as most harmful to properties within 500 feetxliv. On average, commercial and industrial properties located near brownfields have property values ten percent lower than other properties after other factors are considered. xlv

Leaving brownfield sites untended harms communities and drives up public costs by reducing tax base and jobs, increasing crime, and failing to address existing environmental issues.
Redevelopment Opportunities

Minnesota’s Prime Brownfield Redevelopment Opportunities

Across Minnesota — from Bemidji to Rochester and Marshall to Duluth — locations exist for brownfield redevelopment to stimulate economic growth and community revitalization. Assembling smaller, available parcels can yield attractive, developable sites or corridors for future in-fill development.

Specific opportunities for brownfield redevelopment in Minnesota include:

- **Transit-Oriented Development (TOD):** The MSP region is substantially investing in multiple transit corridors. TOD, or high-density, mixed-use residential and commercial development near transit stations, is often possible in areas with former industrial properties and brownfields. In Minnesota, the greatest potential for TOD exists in the MSP metro area, where the Metropolitan Council’s Tax Base Revitalization Account for TOD Grant Program funds site investigation, cleanup, and/or redevelopment of higher density mixed-use development projects close to major transit stops.

  **TOD Grant program achievements (2014):**
  - $30.2 million awarded to 38 projects
  - Expected to generate over 4200 jobs, $527 million in private investment, and over 3600 units of housing – 46% of which will be affordable.

- **Green Line Corridor, Minneapolis/St. Paul:**
  - Metro Transit LRT line connecting downtown Minneapolis, University of Minnesota and downtown St. Paul along University Ave.
  - Corridor contains over 1,000 brownfield properties, according to the project’s Environmental Impact Statement
  - Redevelopment of brownfield sites along the corridor has attracted $4.2 billion worth of investment to date, primarily private.
  - 12,000 housing units are planned or in construction

- **Large Redevelopment Opportunity Sites:**

  **Former Ford Plant Site, St. Paul:** In 2011, Ford Motors ceased operations at its Twin Cities Assembly Plant – a 125-acre property situated on the Mississippi River. The City of St. Paul is positioning the site as a mixed-use neighborhood, equipped with high quality design for energy, buildings, and infrastructure to support walking, biking, and transit. In 2015, environmental remediation will be completed and Ford will market the site to master developers. Mayor Chris Coleman described the Ford site as “the best site in the country for building a 21st-century community.”

  **Rice Creek Commons, Arden Hills:** The former Twin Cities Army Ammunition Plant (TCAAP) site was a WWII-era ammunition factory with significant contamination of soil and groundwater, and was at one time the state’s largest Superfund site. In 2012, Ramsey County purchased 427 acres
of TCAAP property, renaming it Rice Creek Commons. The City of Arden Hills and Ramsey County are jointly implementing a Master Plan to convert the state’s largest Superfund site into a mix of residential, commercial, light industrial, and other uses. Future development is expected to generate millions of dollars annually in county and state property taxes.

**Towerside, Minneapolis/St. Paul**

Just east of the University of Minnesota along the Green Line lies a 370-acre district with 70+ acres of underdeveloped, formerly industrial land. A public-private partnership is forging an ambitious redevelopment agenda, aptly titled “Good to Great” that will create a national model of compelling place-making via integrated development, new technologies and increased tax base. Key features include integrated district systems (energy, parking, stormwater), enhanced density, and a Bio-Discovery center between U of MN and regional Fortune 500 companies.

- **Renewable Energy Generation Facilities:**
  As Minnesota diversifies its energy production, brownfield sites offer advantageous locations for renewable energy generation. Brownfield sites can improve project economics through reduced land costs and tax incentives specific to contaminated land, reduced project cycle times through streamlined permitting and zoning, and existing infrastructure. Former landfills and other industrial land are well-equipped for the development of mid to larger scale solar and wind generation operations and/or biomass refinery facilities.

**400 MW Solar Installation, Hutchinson**

- Built on the site of a 1970’s era city dump, now the state’s largest landfill solar project.
- Built in 2015 and connected directly to adjacent wastewater treatment plant, the project was funded in part by Xcel Energy, using solar panels made by Minnesota company tenKSolar.
- Annual CO₂ savings = 401 metric tons.
The Importance of State Brownfields Funding

Brownfield sites pose complex fiscal challenges to potential developers, municipalities and broader communities alike. The need for up-front capital to clean contaminated sites, paired with a shortage of loan availability and private equity investment monies, require developers to seek public assistance. Government grants help defray upfront cleanup costs and make a brownfield project financially viable. Loans are historically more difficult to obtain on brownfield sites due to lenders’ reluctance to become involved with contaminated properties. While public funding for brownfield revitalization in Minnesota exists, it is often unreliable.

Brownfield grant funding is available from the EPA, and through Minnesota’s grant programs: the Minnesota Department of Employment & Economic Development’s Brownfields Grant Programs; the Metropolitan Council’s Tax Base Revitalization Account; and Hennepin and Ramsey County’s Environmental Response Funds.

Spurring Economic Growth Through Brownfield Funding

Most brownfield projects using public resources – both nationally and in Minnesota – rely on a combination of funding sources to successfully clean up a site. Redeveloping property with a history of commercial or industrial use invariably involves contamination issues. The longer the history of commercial and/or industrial use, the greater the probability that a property will require some level of brownfield remediation.

Private developers need sufficient return on investment to justify redevelopment activities and have limited ability to absorb the unpredictable added costs of completing environmental investigations and cleanups. The public’s return on investments from funding brownfield grant programs includes: increased utilization of existing infrastructure; increasing local and regional tax base; job creation; and leveraging private investment.
Minnesota’s Brownfields Funding

Past public investments in Minnesota’s brownfield grant programs have leveraged significant private investment, produced jobs, and increased local tax bases. The Minnesota Department of Employment & Economic Development (DEED) provides the state’s largest source of funds for brownfield cleanup and redevelopment. Since 1995, DEED’s two main brownfield grant programs have leveraged over $31 of private investment for every $1 of grant funding, creating or retaining a total of 71,163 jobs throughout Minnesota, and increasing local tax bases by over $1.15 billion. The Metropolitan Council’s Tax Base Revitalization Account and Hennepin & Ramsey Counties Environmental Response Funds have also proven to be efficient tools to enable brownfield remediation and reuse and for leveraging private investment.

While these economic results are impressive, thousands of brownfields remain idle and unused across Minnesota. There is potential for spurring further economic growth in Minnesota’s communities by addressing these sites. These redeveloped parcels can create jobs, spur private investment, increase tax base, and revitalize communities.

Barriers to Capitalizing on Minnesota’s Brownfield Opportunities

Funding for Minnesota’s main brownfields grant programs has been volatile due to fluctuations in the state’s economy and politics. The 2012 Minnesota Legislature ended the Hennepin and Ramsey County Environmental Response Funds for six months, only to reinstate the Funds in 2013 for the next fifteen years. Up to half of the Metropolitan Council’s brownfield grant funds were earmarked to cover a transit operating deficit during FY 2009 – FY 2011. Meanwhile, DEED’s Redevelopment Grant Program relies on annual State General Fund appropriations. The program is chronically oversubscribed and ran out of funds in February, 2015. The 2016 Legislature provided a $1 million appropriation — enough to allow two modest grant rounds, but virtually guaranteeing that funds will again be exhausted within twelve months.

Meanwhile, funding for the federal EPA Brownfields Grant Program has also been cyclical, peaking in 2009, then dropping nearly 50% between 2009-2014. This has created intense national competition for EPA grants, and even greater pressure on Minnesota’s in-state brownfield grant programs.
Conclusions and Recommendations

Remediating and redeveloping brownfield properties supports Minnesota’s future economic competitiveness and environmental sustainability. Revitalizing contaminated sites can improve economic and environmental health at all levels: neighborhood, community, regional, and statewide.

In a time of state and local budget constraints paired with challenging economic, fiscal, social, and environmental demands, redevelopment is an efficient and effective way for Minnesota to ensure a strong economy, protect the environment, and provide a high standard of living for all Minnesotans – now and for generations to come. We can ensure this future by:

- Strengthening the commitment to brownfield redevelopment by Minnesota’s state, regional, and local government, as well as its real estate community, environmental professionals, corporate community, lenders, and nonprofit community;

- Encouraging local governments to support redevelopment and brownfield cleanup by establishing redevelopment policies and best practices outlined in the Urban Land Institute- Minnesota’s (Re)development Ready Guide - a proactive approach that provides clarity, transparency, collaboration, and efficiency to support thriving, sustainable communities;

- Developing innovative methods of fostering brownfield redevelopment projects through Minnesota’s voluntary cleanup programs and brownfield funding programs, with the assistance of private and nonprofit stakeholders;

- Ensuring that Minnesota’s brownfield funding programs are stable, consistent, and sufficient to support the cleanup and redevelopment of our state’s brownfields. In particular, funding programs should not be vulnerable to reallocation of their funds to competing programs, and income obtained by the state through the voluntary cleanup programs (which assess a fee for services) should be used exclusively for the operation, expansion, and innovation of the voluntary cleanup programs; and

- Incorporating broader community and regional objectives into the brownfield redevelopment decision-making process, to ensure that public funding of brownfield projects continues to benefit the communities surrounding the projects and appropriately leverages private investment.
Notes


II. Data provided by Gary Krueger, MPCA on 01/31/2016.


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XI. Ibid.


XIII. Hennepin County Environmental Services, “Reinstatement of Hennepin County Environmental Response Fund,” 2013.


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Hennepin County ERF data provided by John Evans, Ramsey County ERF data provided by Denise Beigbeder, Met Council TBRA data assembled from Annual Reports to Minnesota Legislature, and DEED data available online at http://mn.gov/deed/government/financial-assistance/cleanup/


Data sourced at http://cfpub.epa.gov/bf_factsheets/index.cfm
