

By way of intro for the last 30 plus years I have lead efforts across the country in redeveloping Brownfield sites including some of the largest Brownfield redevelopments that have taken place.

In discussing Brownfields it is important to understand the consequences of failure to cleanup these properties and return them to use. In large measure, these properties have been either completely abandoned or severely underutilized where only a skeletal operation remains to avoid certain EPA permitting requirements. Brownfield properties are often large in size (many of the properties in which I have been involved have exceeded 100 acres) and can be adjacent to or in the middle of existing communities. These properties, in that condition often present safety concerns, especially for children. They also can serve as a magnet for criminal activity. By their very nature they also present environmental risks to surrounding communities due to building materials which may be deteriorating and exposed environmental conditions in soil or storm-water.

The challenges to redeveloping these facilities are almost always underestimated. Very often they require significant initial capital outlay by a prospective developer for testing and/or records review which would not be required if the developer were instead focusing his or her efforts on a Greenfield site. These upfront costs before acquisition can often be 5 to 10 times the cost of redeveloping a Greenfield and these capital investments are "at risk" due to the fact that the test results may ultimately demonstrate that redevelopment is not viable. In addition, the developer recognizes that if he does close on the property the costs of cleanup and delays of redevelopment due to necessary cleanup activities will be significant and add an additional cost uncertainty to the transaction.

The dilemma is how do we encourage redevelopment of these properties (including real estate which may not have significant immediate value, such as less populated areas). In this regard I cannot overstate the importance of moving these sites from federal EPA oversight to state programs. Most states now have voluntary cleanup or Brownfield programs. These programs very often contain certain liability protections which benefit a buyer purchasing the property but also future buyers and their lenders. This is critical when you note that the buyer in a Brownfield scenario had no responsibility for the contamination nor did that buyer own the property at the time the contamination occurred.

These state programs many times provide financial incentives which would otherwise not be available and which help offset some of the extra costs described earlier associated with Brownfield redevelopment. Very often a Brownfield developer is able to deduct its cleanup costs from its increase in property taxes or receive other property tax or ad valorem tax relief.

These state programs tend to move on a faster track and often are fee based meaning the developer must pay a fee to get into the program and must reimburse the state for the cost of oversight by the state in conducting its Brownfield review. Almost all developers with whom I have worked support such a fee system because of the increase of staff at the Brownfield level and the ability therefore to accelerate the timeframe in which these properties can be reviewed and cleaned up. In my discussions with the heads of a number of state Brownfield programs they have emphasized the importance of the grants in keeping those programs alive and functioning, even in fee based

programs where the fees offset some of those costs. These programs have enjoyed immense success over the last two decades. For example, in Georgia over 1300 properties have been entered into the Brownfield program since 2004 and over 700 properties have completed cleanup and achieved final closure under Brownfield.

I would also emphasize the importance of other financial incentives including opportunity zones, new market tax credits other programs which partially reimburse the developer for the significant additional cost associated with redeveloping Brownfield properties versus a Greenfield.

I would like to close by discussing for a moment the Brownfield Grant Program currently approved in the bi-partisan infrastructure legislation. It is important to note that these grants are awarded primarily to municipalities and non-profits. This is important because a huge percentage of Brownfield redevelopment is conducted by the private sector since most municipalities do not have the wherewithal even with grants to fund that redevelopment. The instances in which I have seen grants be implemented with the most successful results is where a local municipality or its economic development authority joint venture with a private developer and then they collectively determine what testing is necessary to allow the developer to determine cost of and accomplish the cleanup and thereafter construct its project. Too often we see instances where a municipality conducts broad based sampling which is not focused on sampling necessary to further a specific Brownfield opportunity. Often these efforts result in nothing more than a report which is placed in the drawer of a desk.

Even more important in the Brownfield Grant Program is the revised allocation of funds for cleanup. The biggest hurdle in redevelopment of Brownfield sites is almost always the cost of cleanup. The Brownfield grant program now accepting applications has increased cleanup limits to in some instances \$1 million dollars and in some instances \$2 million dollars. I believe this increase will serve a vital role in allowing, if done in conjunction with private developers, Brownfield redevelopment to occur in areas where it otherwise could not take place.

Respectfully submitted,

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