THE FEDERAL BROWNFIELDS TAX INCENTIVE

CASE STUDIES AND ANALYSIS OF IMPACTS

SEPTEMBER, 2015

REPORT PREPARED FOR:

NEW YORK CITY OFFICE OF ENVIRONMENTAL REMEDIATION

IN COOPERATION WITH

SMART GROWTH AMERICA/NATIONAL BROWNFIELDS COALITION

INTERNATIONAL COUNCIL OF SHOPPING CENTERS

PREPARED BY:

Redevelopment Economics

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ABOUT REDEVELOPMENT ECONOMICS

Redevelopment Economics was organized in 2009 with a mission of providing economic development expertise to assist communities with revitalization strategies and overcoming obstacles to successful redevelopment projects. The firm has particular expertise in economic impact analysis, brownfields redevelopment, and redevelopment financing. See: www.redevelopmenteconomics.com.

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BACKGROUND ON THE FEDERAL BROWNFIELDS TAX INCENTIVE

Section 198 of the federal tax code allows environmental cleanup costs at eligible properties to be fully deductible in the year incurred, rather than capitalized and spread over a period of years. When taken, the deduction allows an individual to recover from 33% to 50% of cleanup costs depending upon the individual's combined income tax bracket.

In addition to promoting environmental cleanup and economic development, the incentive was originally established to provide innocent volunteers willing to perform land cleanup with the same tax benefits that were already available to responsible party polluters cleaning up land under federal Superfund. Improvements in 2006 expanded the types of properties eligible for the incentive to include those with petroleum contamination. The incentive is regarded as "automatic," in that, if the property is eligible, and the expenditures are eligible, the deduction is simply taken as part of the taxpayer's tax return.

The Federal Brownfields Tax Incentive allows an individual to recover from 33% to 50% of cleanup costs depending upon the individual's combined income tax bracket.

The incentive can be taken on any contaminated site in the nation, with the exception of National Priority List sites, where the taxpayer incurs cleanup costs in the redevelopment of property for business or income purposes.

The program does not distinguish between responsible parties and innocent persons or Bona Fide Prospective Purchasers. There is a recapture provision that requires a reimbursement to the Treasury when the property is sold; if the recapture provision comes into play, the benefit of the program is the equivalent of a "0" percent loan for the time that the entity owned the property.

Analysts for this study found that almost all program beneficiaries commented favorably about the simplicity and speed of the eligibility determinations.

PURPOSE AND METHODOLOGY

This analysis was prepared for the New York City Office of Environmental Remediation (NYC OER), International Council of Shopping Centers (ICSC), in cooperation with Smart Growth America/National Brownfields Coalition. The federal Brownfields Tax Incentive was originally established by Congress in 1997 and was in place for 14 years but was not renewed by Congress in 2012. The report sponsors are concerned that there was insufficient information about the outstanding success of this program in promoting economic development and cleanup of vacant and abandoned former industrial properties and that this may have contributed to the Congressional decision to discontinue the program. The report is aimed toward filling that information gap.

Redevelopment Economics obtained information on sites that were certified by states for the Section 198 Brownfields Tax Incentive. The analysis concentrated on the following states: Wisconsin, Michigan, Illinois, Florida, Pennsylvania, Missouri, Utah, Colorado, New Jersey, California and New York. Projects for case study analysis were nominated by organizations connected to the study's sponsoring organizations and supplementary internet searches.

The information about the projects came from interviews with developers, city officials, environmental consultants, attorneys connected to the projects, and internet websites.

Redevelopment Economics tabulated and analyzed the results, focusing on quantifying direct economic and fiscal impacts. The disclaimer, however, is that this is not a full economic or fiscal impact analysis.

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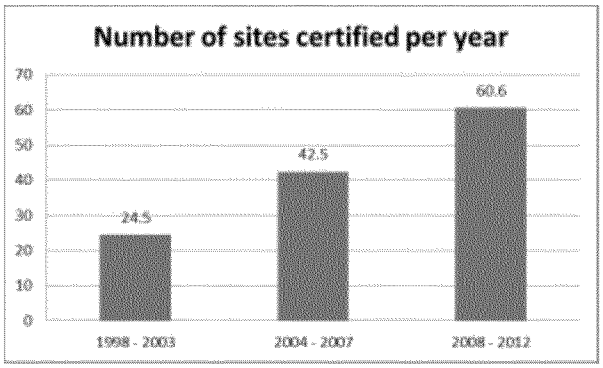
OVERALL PROGRAM STATS



NYC OER carried out a comprehensive survey of the 50 states (plus the District of Columbia) and found that the states had certified a total of 630 sites in the 14-year history of the program. The consulting team also reviewed the 2003 and 2007 Congressional Research Service reports on the program, and, putting the two sources together, the team concludes that use of the federal Brownfields Tax Incentive had increased 247 percent over the life of the program: i.e., the rate of certifications for the 2008 – 2012 period (60.6 sites annually) exceeds the rate for 1998 – 2003 (24.5 sites annually) by almost 2 ½ times. The growth in utilization of the deduction suggests that the development community learned of the value of the federal Brownfield Tax Incentive and built it into their next project, accelerating the rate of site cleanup.

With 630 sites certified for cleanup and program utilization increasing dramatically over time, the federal Brownfield Tax Incentive demonstrated real and substantial progress. This information contradicts the presumed reason that the program was not renewed--that it was under-utilized.

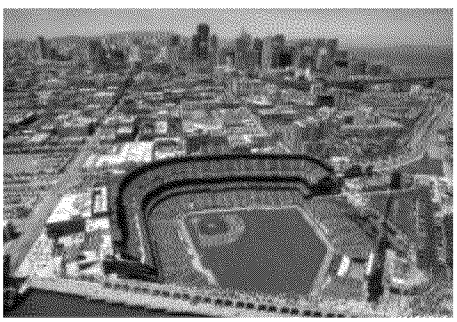
CASE STUDY RESULTS

The 17 case study projects are profiled in the tables in Appendix A and in the 1-page write-ups in Appendix B.

TRANSFORMATIVE PROJECTS

The 17 case study projects all resulted in secondary and spin-off development in neighborhoods and towns that had formerly been negatively impacted by underperforming land and lost economic activity. Six of the projects stand out as particularly transformative, in that they led to much larger community revitalization or were essential to achieving local economic development objectives:

- Compuware/Detroit, MI – Compuware's 2001 move of their 3,500-employee headquarters from the Detroit suburbs to downtown was a watershed event. After the move, six other major employers, representing more than 7,300 employees followed Compuware's lead and invested in downtown Detroit.



AT&T Ballpark overcame unexpected cleanup costs and led to $1 billion new investment in Rincon Point

AT&T Ballpark/San Francisco, CA -- $8 million in cleanup costs (much of it unexpected) might have jeopardized development of San Francisco's new ballpark, but the federal Brownfields Tax Incentive lessened the impact on the project budget by several million. The ballpark is widely viewed as reversing the image of the formerly dilapidated waterfront and paving the way for over $1 billion in new investment in the Rincon Point neighborhood.

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- Boomerang Tube/Liberty, TX – The town's largest employer had closed their plant in 1993, leaving behind a relatively poor small town and a contaminated 500,000 sq ft manufacturing facility. Boomerang Tube, a manufacturer of oil country tubular goods, bought the shuttered factory, cleaned it up, and invested $100 million in new equipment. Today, the plant is, once again, the largest employer in town with 600 people making pipes for the oil and gas industry.

Liberty, Texas, a small town of 8,400 population with a low median income, gained 600 manufacturing jobs when Boomerang Tube cleaned up and refurbished the vacant and abandoned property of the town's former largest employer. The plant had been left vacant and contaminated for 15 years

- Sigma Group/Menomonee Valley/Milwaukee, WI –In the year 2000, Milwaukee's Menomonee Valley was mostly abandoned, an "oozing cesspool," according to anecdotal reports from the local real estate industry. The Sigma Group, an engineering firm with brownfields expertise, chose a Menomonee Valley site for their headquarters project, partly because they wanted to demonstrate that brownfields obstacles could be overcome. Sigma's successful project was a forerunner and catalyst for one of the most successful brownfields districts in the country. Today, this 1,300-acre industrial wasteland has been transformed into a vibrant mix of commercial and manufacturing businesses with a focus on sustainability. Nearly 5,000 jobs have been created in the Menomonee Valley since 2000.

- Harrison Station/Harrison, NJ – Harrison Station, a mixed use/transit oriented development project in Harrison, New Jersey on the Passaic River, is acting as a catalyst for the Harrison waterfront, with new investment creating "a vibrant mixed-use, transit-oriented, pedestrian-scale development that will make Harrison a regional destination for years to come." (Harrison, New Jersey website)

- Medpace/Cincinnati, OH – Cincinnati's 2008 "Growth and Opportunities Study" made the life sciences sector a "Tier 1, Emerging Growth" target sector. In 2010 the City successfully attracted the headquarters of Medpace, a growing pharmaceutical company that conducts clinical trials of drugs and medical devices for pharmaceutical and biotechnology companies. A $3 million cleanup hurdle was successfully overcome due to the combination of the federal Brownfields Tax Incentive and Ohio's brownfields incentives, and the result was 750 jobs and substantial growth of the city's targeted life sciences sector.

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JOB AND INVESTMENT IMPACTS

The 17 projects studied here totaled $1.4 billion in new investment and led to 14,000 temporary construction jobs and 9,300 permanent jobs, all located on previously vacant or underutilized properties in existing communities. Because the case study sites were not randomly chosen, analysts cannot presume that the full complement of 630 assisted sites should be credited with job and investment numbers that are proportionate to the case study sites. However, since the case studies represent less than 3 percent of all sites assisted, a full analysis of properties that utilized the incentive would measure impacts in the tens of billions of dollars and jobs in the six figure range.

The leverage ratios for these 17 projects are:

- $1 federal Brownfields Tax Incentive helps leverage $47 of funding from other sources;
- On average it takes only $3,200 in Brownfields Tax Incentive deductions to leverage one job.

These program productivity measures compare very favorably to benchmarks.

By the numbers:

- ***17 projects***
- ***$1.4 billion investment***
- ***14,000 construction jobs and 9,300 permanent jobs***
- ***$1.00 federal Brownfields Tax Incentive leverages $47 of funding from other sources***
- ***$3,200 in Brownfields Tax Incentive deductions leverages one job***
- ***Ratio of tax incentive outlays to income tax revenues derived: 1 to 5***

BROWNFIELDS OBSTACLES OVERCOME

Five of the 17 case study projects had cleanup costs that exceeded 20 percent of total development costs. The mean and median percentage of cleanup costs to total development costs was 12 percent and 8 percent, respectively, thus indicating that cleanup costs were far from incidental; they were potential deal breakers. For at least seven of the projects profiled, developers specifically indicated that the project would not have been feasible without brownfields incentives, including the federal Brownfields Tax Incentive.

Both the mean and median length of time that the properties were vacant was 10 years, respectively, another indication that most of the projects involved taking on sites that had been passed over by others who were presumably concerned about the issues typical of brownfield sites: possible escalation of site cleanup costs, liability (state, federal, and private parties), and the often unclear and time-consuming pathway through the regulatory system.

The federal Brownfield Tax Incentive helped revitalize some of the most difficult sites, enabling redevelopment and reuse of properties with high cleanup costs. With an average land vacancy of ten years, these sites may have been vacant for several decades more without the incentive.

LONG-TERM INVESTMENTS REWARDED

An observation is that most of the projects (at least 12 of 17) were carried out by entities that retained ownership of the project after vertical development. The program rewards longer term commitments because a shorter duration of ownership equates to less time to benefit from the “0” percent loan.

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TAX-PAYER COSTS AND BENEFITS

The actual benefit of the Brownfields Tax Incentive to individual taxpayers is confidential information, and not all of the developers were willing to divulge this information. Those that did disclose the benefit generally indicated that the deduction reduced eligible cleanup costs by between 30 and 40 percent. In order to produce an "order of magnitude" estimate of the cost to the U.S. Treasury, analysts assumed that the cost (the same as the benefit to the developer) was equal to approximately 35 percent of total cleanup costs. The seventeen projects are estimated to have cost the Treasury $31.1 million (see appendix A, Table 2).

Consistent with an order of magnitude analysis, analysts estimated the U.S. Treasury revenues due to income taxes paid by the employees of the companies located at the 17 new development sites that benefitted from the tax incentive to be $162 million *annually,* or more than five times the *one-time* cost to the Treasury. This, it is acknowledged, is an unsophisticated analysis, not accounting for: any U.S. revenues except employee income taxes; indirect multiplier benefits; tax deductions; "but-for" tests; the substitution effect, or any other factors that would need to be accounted for in a full impact analysis.

Summary:

The study indicates that the federal Brownfield Tax Incentive not only leveraged new business investment and permanent new jobs on formerly vacant land, public health benefits, and overall community revitalization, but it also produced positive net revenues to the U.S. Treasury. The federal Brownfield Tax Incentive eliminated blighted land and catalyzed the transformation of communities by cleaning up land and making properties safe for development, bringing new businesses and new jobs, and creating new housing and public amenities right where they were needed most.

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APPENDIX A. CASE STUDY SITE DATA TABLES

Table1. Case Study Site Profiles

State	Project/Site	Address	Acres	Year Completed	Commercial sq. ft.	dwelling units	Hotel	Use
UT	300 West Town Center	300 West Town Center, Salt Lake City, UT	18	2010	181,000			Retail
TX	Boomerang Tube	1100 FM 3361 Rd, Liberty, TX 77575	118	2011	487,000			Industrial, Manufacturing
Il	Cermak Plaza	7039 W Cermak Rd, Cermak, IL	20	2011	320,000			Retail
FL	Chase Bank	702 N. Pebble Beach Blvd., Sun City Center, FL	0.5	2012	10,000			office (bank)
WI	Clock Shadow	538 S 2nd Street, Milwaukee, WI	1.0	2012	30,000			office, medical, food production
MI	Compuware Headquarters	One Campus Martius, Detroit, MI	3	2003	1,088,000			Office
MI	Dard Building	1213 Center Street, Lansing, MI	1	2007	13,000			office
NY	Germanow Simon	408 St. Paul, 388-392 St. Paul; 19-23 Emmett St.	1.9		50,000			industrial
NY	Triangle Court, 456 Grand	456 Grand St., Brooklyn	0.4		8,000	50		retail/office
PA	Good Will Business Park	530 East Union Street, West Chester, PA	8.5	1999	106,000			industrial, office, retail, public
OH	Harrison Station	Middlesex and Frank E. Rogers Blvd, Harrison, NJ	20	2013	17,000	329	136	residential, hotel, and retail
OH	Medpace	4820 Bannk Rd., Cincinnati, OH	29	2010	330,000			office-research/ pharmaceuticals
MO	Merchandise Mart	1000 Washington Avenue, St. Louis, MO	2	2001		213		Mixed income apartments
CO	River Point at Sheridan	Santa Fe Dr. and Hampden Ave., Sheridan, CO	135	2008	760,000			Retail/ Recreational
CA	AT&T (former Pac Bell) Ballpark	24 Willie Mays Plaza, San Francisco, CA 94107	13	2000				stadium
WI	Sigma Group/ Menomonee Valley	1300 Canal Street, Milwaukee, WI	2.8	2003	28,000			office
PA	32nd Street Business Center	50 33rd Street, Pittsburgh, PA	6.7	1998	97,000			Light industrial
TOTALS			**380.8**		**3,525,000**	**592**	**136**	
Mean			**22.4**		**235,000**			
Median			**6.7**		**97,000**			

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Table2. Case Study Site Redevelopment Impacts

State	Project/Site	Address	Remediation Cost	Potential Tax Benefit of 198	Total Investment	Remedia-tion/ Investment	Perman-ent Jobs (direct)	Construc-tion Jobs (direct)	Yrs. vacant before cleanup	Property Tax Revenue	Federal Income Taxes (direct wages only)
UT	300 West Town Center	300 West Town Center, Salt Lake City, UT	$ 500,000	$ 175,000	$ 21,700,000	2.3%	200	215	5	$ 145,000	$ 1,020,077
TX	Boomerang Tube	1100 FM 3361 Rd, Liberty, TX 77575	$ 1,200,000	$ 420,000	$ 200,000,000	0.6%	600	1,980	15	$ 3,400,000	$ 9,380,649
Il	Cermak Plaza	7039 W Cermak Rd, Cermak, IL	$ 500,000	$ 175,000	$ 15,500,000	3.2%	390	153	0	$ 1,700,000	$ 1,989,149
FL	Chase Bank	702 N. Pebble Beach Blvd., Sun City Center, FL	$ 523,000	$ 183,050	$ 2,000,000	26.2%	17	20	3	$ 25,000	$ 438,705
WI	Clock Shadow	538 S 2nd Street, Milwaukee, WI	$ 565,000	$ 197,750	$ 7,000,000	8.1%	40	69	15	$ 59,300	$ 565,579
MI	Compuware Headquarters	One Campus Martius, Detroit, MI	$ 500,000	$ 175,000	$ 350,000,000	0.1%	5,700	3,465	30	$ 20,400,000	$ 119,959,051
MI	Dard Building	1213 Center Street, Lansing, MI	$ 175,000	$ 61,250	$ 1,100,000	15.9%	36	11	10	$ 54,000	$ 885,799
NY	Germanow Simon	408 St. Paul, 388-392 St. Paul; 19-23 Emmett St.	$ 717,677	$ 251,187	$ 3,250,000	22.1%	28	32	0	$ 93,400	$ 560,539
NY	Triangle Court, 456 Grand	456 Grand St., Brooklyn*	$ 459,464	$ 160,813	$ 13,500,000	3.4%	36	134	4	$ 155,967	$ 183,614
PA	GoodWill Business Park	530 East Union Street, West Chester, PA	$ 954,000	$ 333,900	$ 9,200,000	10.4%	140	91	10	$ 84,000	$ 1,979,527
OH	Harrison Station	Middlesex and Frank E. Rogers Blvd, Harrison, NJ	$ 15,000,000	$ 5,250,000	$ 193,000,000	7.8%	175	1,911	20	$ 4,500,000	$ 906,258
OH	Medpace	4820 Bannk Rd., Cincinnati, OH	$ 3,000,000	$ 1,050,000	$ 50,000,000	6.0%	750	495	3	$ 111,030	$ 16,365,737
MO	Merchandise Mart	1000 Washington Avenue, St. Louis, MO	$ 12,200,000	$ 4,270,000	$ 44,000,000	27.7%		436	17	$ 20,534	$ -
CO	River Point at Sheridan	Santa Fe Dr. and Hampden Ave., Sheridan, CO	$ 40,000,000	$ 14,000,000	$ 140,000,000	28.6%	940	1,386	20	$ 1,800,000	$ 4,794,360
CA	AT&T (former Pac Bell) Ballpark	24 Willie Mays Plaza, San Francisco, CA 94107	$ 8,000,000	$ 2,800,000	$ 357,000,000	2.2%		3,534	0	$ -	$ -
WI	Sigma Group/ Menomonee Valley	1300 Canal Street, Milwaukee, WI	$ 550,000	$ 192,500	$ 3,200,000	17.2%	70	32	15	$ 51,400	$ 1,527,469
PA	32nd Street Business Center	50 33rd Street, Pittsburgh, PA	$ 1,160,000	$ 406,000	$ 5,000,000	23.2%	170	50	8	$ 93,400	$ 1,803,784
TOTALS			**$ 86,004,141**	**$ 30,101,449**	**$ 1,415,450,000**		**9,292**	**14,013**		**$ 32,693,031**	**$ 162,360,296**
Mean			**$ 5,059,067**	**$ 1,770,673**	**$ 83,261,765**	**12.1%**	**619**	**824**	**10**	**$ 1,923,119**	**$ 9,550,606**
Median			**$ 717,677**	**$ 251,187**	**$ 15,500,000**	**8.1%**	**170**	**153**	**10**	**$ 93,400**	**$ 1,020,077**

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APPENDIX B. CASE STUDY DETAILS

1. Medpace Pharmaceuticals moves 750-job Headquarters to Former NuTone Plant in Cincinnati
2. Boomerang Tube – 600 Manufacturing Jobs Return to Liberty, TX, Re-tooling the Abandoned Plant of the Town's Former Largest Employer
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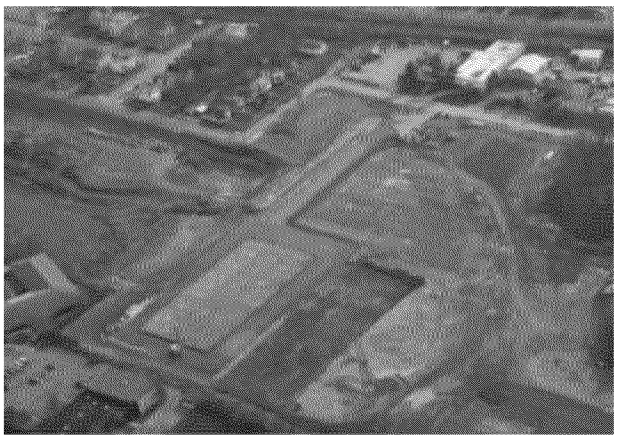
MEDPACE PHARMACEUTICALS MOVES 750-JOB HEADQUARTERS TO FORMER NUTONE PLANT IN CINCINNATI

Medpace's new LEED-certified headquarters building –up to 1,300 jobs could be located on this 29-acre brownfield site



NuTone site being cleared for 700-job Medpace development in 2010

Project Narrative:

Cincinnati's 2008 "Growth and Opportunities Study" made the life sciences sector a "Tier 1, Emerging Growth" target sector.In 2009 Medpace, which conducts clinical trials of drugs and medical devices for pharmaceutical and biotechnology companies, expanded and relocated their headquarters to a 29 acre brownfield site in Cincinnati. With 525 existing employees and 225 new employees, the move from suburban Norwood was a significant boost for Cincinnati and ran counter to the usual pattern of growing businesses moving further from downtown. Brownfields incentives, including the Brownfields Tax Incentive Program, tipped the scales in favor of the center city site.

Cleanup costs were $3 million and the federal Section 198(a) deduction softened that blow by an estimated $875,000. Other sources of assistance included a $3,000,000 Clean Ohio Revitalization Fund grant.

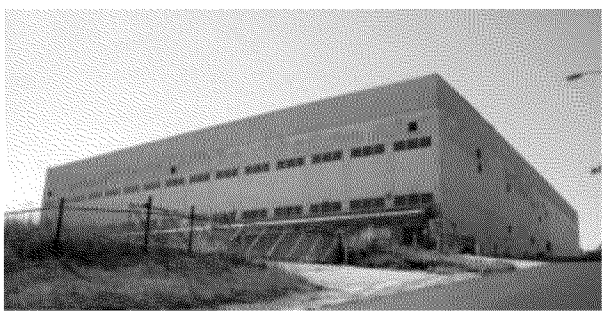
NuTone, a manufacturer of door chimes, ceiling fans and other products for the home, had closed the manufacturing plant three years earlier, leaving an abandoned site in the Madisonville neighborhood where urban renewal plans were already in place to combat decline.

There are 9 acres of the site that remain unused and represent a potential to accommodate further Medpace expansion or accommodation of other complimentary uses.

Facts and Figures:

- Address: 4820 Red Bank, Cincinnati,OH
- Years Vacant Before Cleanup: 3
- Total Investment: $50 million with further expansion likely
- Size: 29 ac; 330,00 sq. ft. office/lab space
- Permanent Jobs: 750
- Estimated Construction Jobs: 495
- Remediation costs: $3 million
- Annual Property Tax Revenue to Locality: $111,030
- Estimated Federal Income TaxesGenerated: $16.4 million
- Year completed: 2010

Before:



The Former NuTone facility had been vacant for three years

Risk Minimization as Key:

*"Mitigation of this risk from a financial perspective was critical in moving forward with the development, and the federal Brownfields Remediation Tax Expensing Program was a key part of that risk minimization,"*Todd Voelkerding, Director, Financial Planning & Analysis, Medpace

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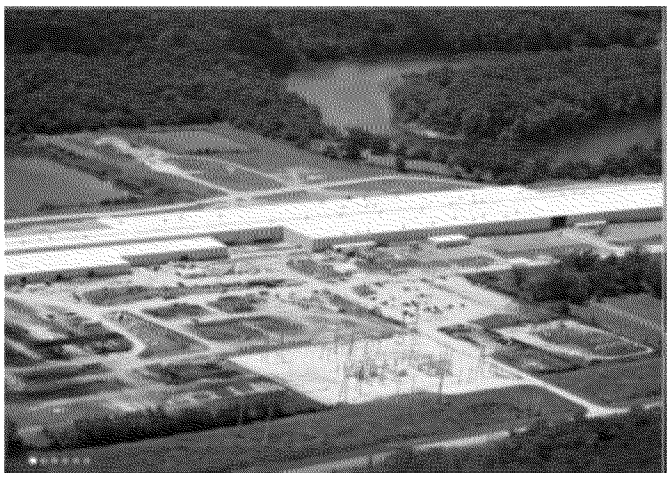
BOOMERANG TUBE – 600 MANUFACTURING JOBS RETURN TO LIBERTY, TX, RE-TOOLING THE ABANDONED PLANT OF THE TOWN'S FORMER LARGEST EMPLOYER



Boomerang Tube - manufacturing returns to Liberty, Texas

Boomerang Tube's site – the mothballed plant of the town's former largest employer

Project Narrative:

Boomerang Tube, a manufacturer of oil country tubular goods (OCTG) for oil and gas customers, established a new manufacturing facility in Liberty, Texas that employs 600 people. The plant has a capacity to produce 400,000 tons of steel piping annually.

The Company purchased, cleanup up, and completely modernized the former National Pipe & Tube mill. The National Tube and Pipe plant (sold to Allied Pipe and Tube), once the largest employer in the town, had closed in 1993.

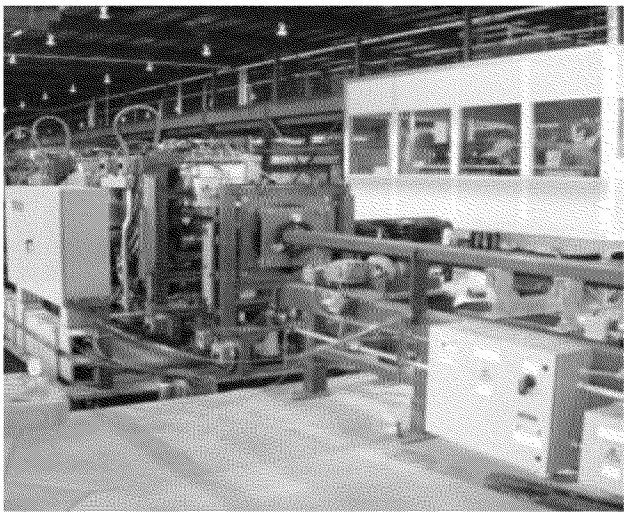
The remediation costs were $1.2 million with the Brownfields Tax Incentive program playing a key role in lowering that hurdle. Remediation included removal/remediation of: PCB's, asbestos, and petroleum, as well as retention pond stabilization and remediation.

Liberty is a relatively low income town of 8,400 population with a median household income of $36,300 in 2010 (29% below the U.S. median). Gary Broz, Liberty city manager, commented on the Boomerang investment, "This commitment is very important to the future of this community, and it says a lot about the confidence both Access and Boomerang Tube have in the people of Liberty."

Access Industries provided $200 million to finance the project. Tax abatement and local incentives also factored into the project.

Facts and Figures:

- Address: 1100 FM 3361 Rd, Liberty, TX 77575
- Years vacant before cleanup: 15
- Size: 118 acres, 487,000 sq ft
- Permanent jobs: 600
- Capital investment: $200 million
- Estimated construction jobs: 1,980
- Remediation costs: $1.2 million
- Annual property tax revenue to locality: $1.8 million, currently; $3.4 million after tax abatement expires.
- Estimated federal taxes generated: $9,381,000
- Year completed: 2011



TheLiberty project included a $100 million investment in state-of-the-art equipment for manufacturing steel tubes

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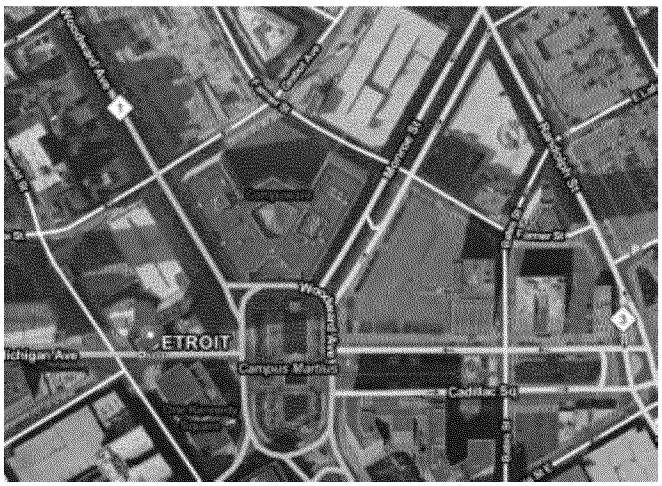
COMPUWARE HEADQUARTERS – MOVING FROM SUBURBS TO THE LONG-VACANT KERN'S DEPARTMENT STORE SITE IN DOWNTOWN DETROIT



Compuware's suburb-to-downtown relocation was pioneering in 2003, but other downtown corporate investments followed.

Project Narrative:

Compuware moved their 4,000-employee world headquarters from Farmington Hills to downtown Detroit in 2003. The site (One Martius Drive) was the former Kern's Department store, vacant for 30 years. The office space is supplemented by a restaurant, retail space for Compuware, and a fitness center.

Part of the site preparation involved removal of approximately 400,000 cubic yards of soils, including historic fill, some of which was contaminated. Another cleanup hurdle was removal of an abandoned Detroit Edison steam tunnel that included asbestos abatement procedures.

Aside from the Brownfields Tax Incentive, the Compuware project was aided by a $30 million Michigan Single Business Tax Credit.

The Compuware project, completed in 2003, was pioneering in that most corporate location decisions had favored the suburbs over downtown. Following the Compuware decision, Quicken Loans brought 1,700 jobs to the same downtown site, and other businesses made similar investment location decisions totaling more than 7,000 jobs (see table at right).

Compuware Corporation is an American software company with products aimed at the information technology ("IT") departments of large businesses. The company's services also include testing, development, professional services, automation, project and portfolio management, and cloud computing.

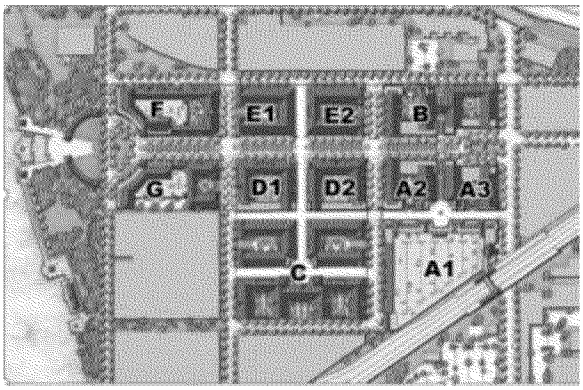
Facts and Figures:

- Address: One Campus Martius, Detroit, MI
- Size: 1,088,000 sq. ft, 3,000 space parking garage.
- Employees: Compuware, 4,000; Quicken Loans, 1,700, total 5,700.
- Investment: $350 million.
- Years vacant before cleanup: 30 years
- Estimated construction jobs: 3,465
- Estimated remediation costs: at least $500,000
- Est. annual property tax revenue to locality after rebates: $20.4 million
- Estimated federal taxes generated: $120 million
- Year completed: 2003

Business Moves from Suburb to Downtown Detroit Following the Compuware Decision:

Quicken Loans	1,700
Blue Cross	3,400
The Professional Group	65
Rosetti Architecture	60
Campbell Ewald	600
Rock Ventures	1,500
total	**7,325**

HARRISON STATION, HARRISON, NJ – MIXED USE WATERFRONT TOD PROJECT REPLACES ABANDONED INDUSTRIAL ZONE



Harrison Station - Transforming Harrison's Dilapidated Industrial Waterfront

Project Narrative:

Harrison Station is transforming Harrison's derelict industrial waterfront into a vibrant mixed use community, centered around the Harrison PATH transit station and the Passaic River.

The site had been used only for parking and storage for 30 years. Former uses (including manufacturing of steel, sheet metal, radio tubes, and elevators) left behind a mix of contaminants: petroleum, TCE, PCB's, asbestos, and heavy metals. The estimated $15 million needed to clean up the site was almost 8 percent of development costs, but the Brownfields Tax Incentive Program substantially reduced the impact on the development budget. Except for the tax incentive, cleanup costs were privately financed.

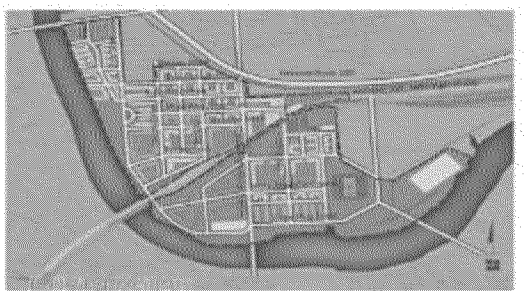
The new mixed use/TOD community, including 329 apartments, 17,000 sq ft of retail space, and a 138-room hotel, is planned to grow to include 1,200 units, while likely acting as a catalyst for neighboring parts of Harrison's ambitious Waterfront Redevelopment Plan.

Facts and Figures:

- Address: Middlesex and Frank E. Rogers Blvd, Harrison, NJ
- Years vacant before cleanup: 30
- Total est. investment: $193 million
- Site size: 20 acres
- Redevelopment: 329 apartments and 9,000 sq ft retail completed. Under construction: 8,000 sq ft retail and 136-room hotel.
- Estimated permanent jobs: 175
- Estimated construction jobs: 1,900
- Remediation costs: $15 million
- Annual property tax revenue to locality: $4.5 million
- Estimated federal income taxes generated: $906,000
- Year completed: 2012-2014

Harrison Waterfront Plan

Harrison Station is the first project to begin implementation of the City's ambitious 275-acre Harrison Waterfront Redevelopment Plan. According the City of Harrison website, the plan "represents one of the great opportunities for redevelopment in the State of New Jersey," and "has the potential to be a project of world class scale," producing "an array of uses that capitalize on the presence of the Harrison PATH Station and the Passaic River.



Creating a vibrant, mixed use, transit-oriented, pedestrian-scale development

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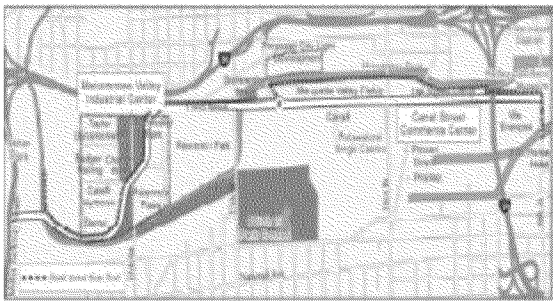
SIGMA GROUP'S HEADQUARTERS – CATALYST FOR ECONOMIC REVITALIZATION OF MILWAUKEE'S MENOMONEE VALLEY

The Sigma Group headquarters project was a catalyst for the larger Menomonee Valley rejuvenation



Menomonee Valley – The Menomonee Valley Industrial Center (a City-developed part of the larger Menomonee Valley district), is a former 140-acre rail yard, now home to 10 anchor businesses employing 1,300 people.

Project Narrative:

In the year 2000, Milwaukee's Menomonee Valley was mostly abandoned, an "oozing cesspool," according to conventional wisdom in the local real estate industry. The Sigma Group, an engineering firm with brownfields expertise, chose a Menomonee Valley site for their headquarters project, partly because they wanted to demonstrate that brownfields obstacles could be overcome.

Sigma's successful project was a forerunner and catalyst for one of the most successful brownfields districts in the country. Today, this 1,300-acre industrial wasteland has been transformed into a vibrant mix of commercial and manufacturing businesses with a focus on sustainability. Nearly 5,000 jobs have been created in the Menomonee Valley since 2000.

The site's industrial history included lumber storage, box making, coal storage, a boat docking and fueling station, and a meat packing facility. This left a legacy of contamination: sulfates; benzo-a-pyrene; and an underground storage tank that had leaked.

In addition to using the federal Brownfields Tax Expensing program to overcome cleanup cost barriers, Sigma also received a $155,000 Wisconsin Commerce Department Brownfields Grant.

Sigma Group's 28,000 sq ft headquarters project was also a pioneering green building, utilizing natural sunlight and a highly efficient heating, ventilation, and cooling system, as well as a specialized storm water management system.

Facts and Figures:

- Address: 1300 Canal Street, Milwaukee, WI
- Years Vacant Before Cleanup: 15
- Total Investment: $3,200,000
- Size: 2.8 acres and 28,000 sq. ft. office
- Permanent Jobs: Sigma Group – 75 jobs; other site users – 60 jobs; total 135
- Estimated Construction Jobs: 32
- Remediation costs: $550,000
- Annual Property Tax Revenue to Locality: $51,400
- Estimated federal income taxes generated: $1.5 million
- Year completed: 2003

Dave Scherzer, Sigma Group on the significance of the Federal Brownfields Tax Incentive:

"Without this program (the Federal Brownfields Tax Incentive) and other brownfields incentives, the site would not make sense." Scherzer points out that, lacking incentives, cleanup costs would have been 17 percent of development costs, which would be infeasible to finance.

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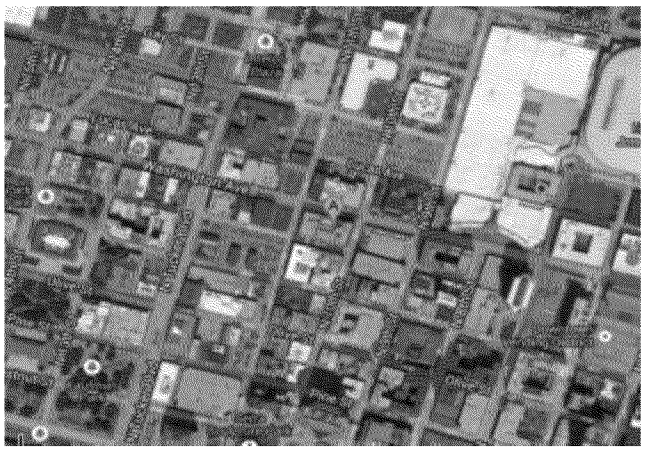
MERCHANDISE MART IN DOWNTOWN ST. LOUIS – MIXED-INCOME HOUSING REDEVELOPMENT COMBINES HISTORIC PRESERVATION AND BROWNFIELDS TOOLS

HRI's historic renovation of the Merchandise Mart



Merchandise Mart's location in the Washington Avenue Loft District, downtown St. Louis

Project Narrative:

The City of St. Louis bought the Merchandise Mart building in the late 1998, forestalling possible demolition and making an investment it hoped would pay off in stimulating rejuvenation of the Washington Avenue Lofts District. In 2000 HRI, Inc. was chosen as the developer, and a complex financing structure was adopted that included: Federal and State Historic Tax Credits; Federal LowIncome Housing Tax Credits; Brownfields State RemediationTax Credits; local tax abatement; and the Federal Brownfields Tax Incentive.

The cleanup hurdles were significant:

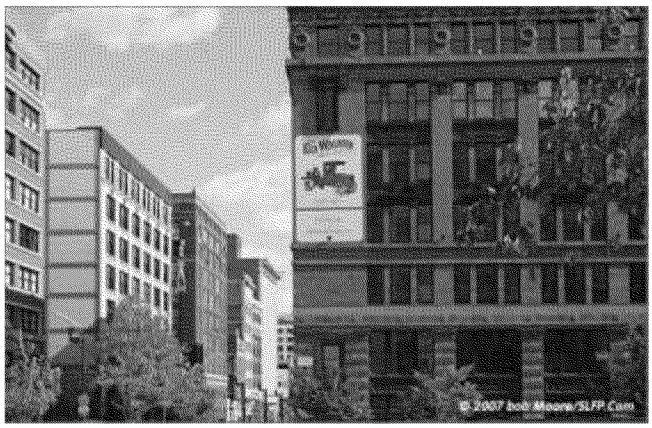
- Lead based paint and asbestos-containing material was present throughout the structure;
- Several rusted 55-gallon drums contained dry cleaning;
- PCBs were also present in the building.

The federal Brownfields Tax Incentive effectively reduced the impact of cleanup costs ($12.2 million, more than 25 percent of the development budget) on the development budget.

The result was a 213 unit mixed income apartment redevelopment that helped blaze the trail for new investment in the Washington Avenue Lofts District. The Eli Walker Lofts building, pictured at right, was a 2007 renovation, providing 172 condominiums. The American Planning Association named Washington Avenue to their "2011 Great Places in America: Streets" List.

Facts and Figures:

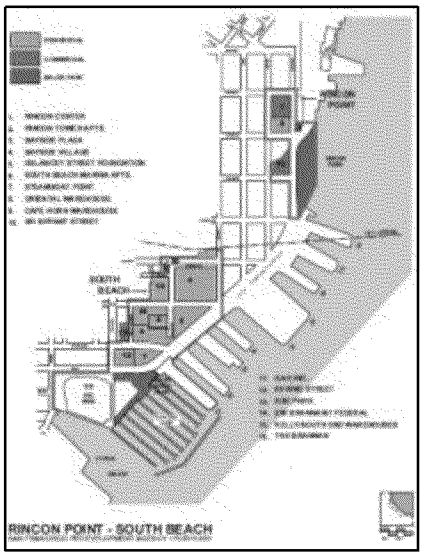
- Address: 1000 Washington Avenue, St. Louis, MO 63101
- Years vacant before cleanup: 17
- Size: 2 acres
- Building size: 340,000 sq ft
- Redevelopment: 213 apartments (30% low income)
- Capital investment: $44 million
- Estimated construction jobs: 436
- Remediation costs: $12.2 million
- Annual property tax revenue to locality: $20,534
- Year completed: 2001



The Washington Avenue Lofts District features numerous historic buildings, now re-purposed for apartments, studios, and offices. Pictured here: Eli Walker Lofts building.

AT&T (FORMER PAC-BELL) BALLPARK IN SAN FRANCISCO – UNEXPECTED REMEDIATION HURDLES OVERCOME; STADIUM TRANSFORMS RINCON POINT

AT&T Ballpark redeveloped a dilapidated harbor area (photo credit, www.ballparks.com)



The Ballpark acted as a catalyst for redevelopment of Rincon Point-South Beach, now boasting over $1 billion in total private investment

Project Narrative:

"Prior to redevelopment, most of the area around the property was characterized by dilapidated warehouses, open cargo storage yards, abandoned buildings, crumbling piers and unimproved streets…Former uses of the property included a waterfront landfill as well as industrial warehouses. The landfill contained waste from a coal gasification plant and other former waterfront industries." (EPA project summary).

Late in the project planning schedule a new issue arose: the discovery of numerous wooden barrels containing oil, buried near the piers. Cleanup costs escalated to $8 million and the already-tight budget came in for a major adjustment. The EPA project summary indicates that the federal Brownfields Tax Incentive was a key part of overcoming the escalating cleanup costs, effectively lowering the bill by several millions of dollars.

The $395 million stadium project was accomplished primarily through private funds (lender, seat licenses, naming rights, and sponsorships), supplemented only with $15 million in tax increment financing and the tax benefits of the federal Brownfields Tax Incentive.

The Ballpark acted as a catalyst for the Rincon Point redevelopment area which has benefited from over $1 billion in new private investment in the area, including the headquarters of Gap, Inc.

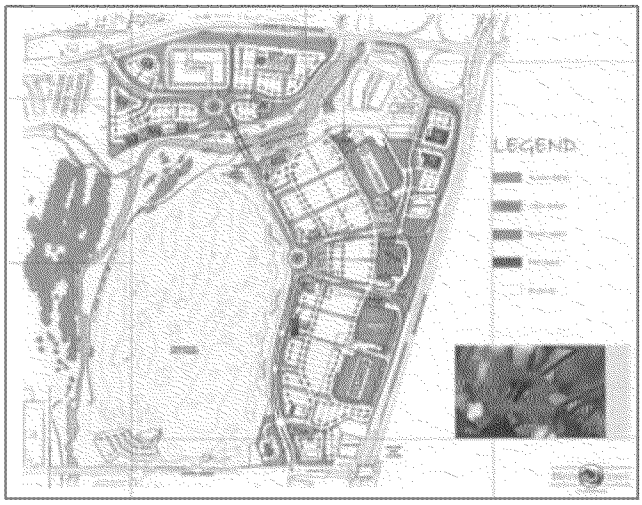
Facts and Figures:

- Address: AT&T Park, 24 Willie Mays Plaza, San Francisco, CA 94107
- Years vacant before cleanup: (not vacant)
- Size: 13 acres;
- Redevelopment: 41,000 seat stadium
- Capital investment: $357 million
- Estimated construction jobs: 3,500
- Remediation costs: $8 million
- Estimated federal tax income benefit:
- Year completed: 2000
- Spin-off benefits:
  - over $1 billion in new private investment
  - 2,800 residential units (24% affordable)
  - 1.2 million sq ft of commercial space

Then Pac Bell ballpark in the site preparation stage. (Photo credit: SFGate.com)

RIVER POINT, SHERIDAN, CO – LANDFILLS REDEVELOPED FOR REGIONAL SHOPPING CENTER IN INFILL LOCATION

River Point won five major awards for environmental stewardship and creative design/construction



WMS site plan for the redevelopment of the two landfills

Project Narrative:

Two landfills, totaling 135 acres of land, were redeveloped for a regional mall, employing 1,000 people and more than doubling the amount of retail space in Sheridan. Redevelopment efforts were spearheaded by Weingarten Miller Sheridan (WMS) and the Sheridan Redevelopment Agency (SRA).

The cleanup barriers were very substantial, estimated at $40 million, more than 25 percent of the total development budget. The cleanup addressed: 40,000 cubic yards of low-level radioactive waste; 150,000 pounds of lead battery casings;144 PCB containing transformers; methane gas; petroleum/UST's; and medical waste; as well as explosives and ammunition. The federal Brownfields Tax Incentive program and an SRA tax increment financing district helped reduce the cleanup cost barrier.

The major tenants include Super Target, Costco and Regal Cinemas.

The City of Sheridan receives almost $1.2 million, annually, from the development in combined property and sales taxes.

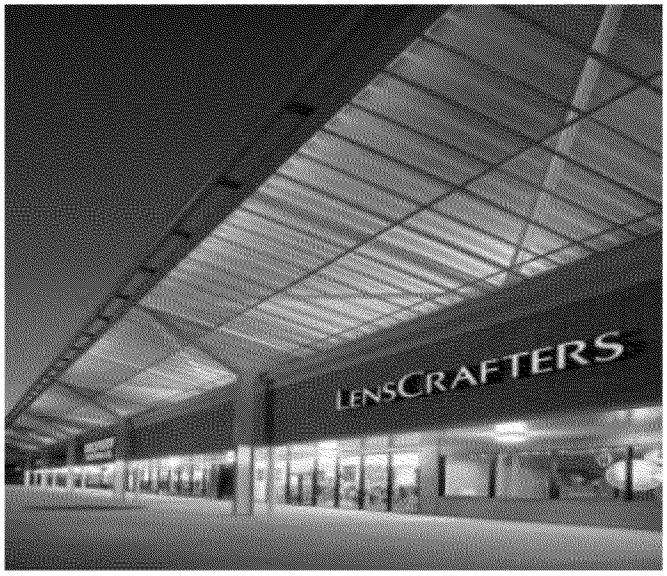
The project also links into two regional bike paths.

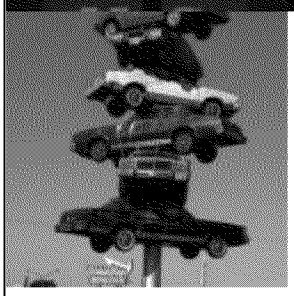
Aerial at right shows the location, next to a golf course, and within the heavily urbanized area of Sheridan

Facts and Figures:

- Address: Santa Fe Drive and Hampden Avenue, Sheridan, CO
- Years vacant before cleanup: 20
- Cleanup cost: $40 million
- Total investment: $140 million
- Size: 135 acres;
- Sq Ft: 489,000 sq ft completed; 760,000 sq. ft.total including planned (all retail)
- Permanent jobs: 1,000
- Estimated construction jobs: 520
- Increased annual property tax revenue to locality: $1.8 million
- Increased annual city sales tax revenue: $370,000
- Estimated federal tax benefit: $4.8 million
- Year completed: 2008

BERWYN, IL – HISTORIC CERMAK PLAZA REVITALIZED AS TOWN CENTER





At left, the new energy-efficient LED-lit canopy continues the shopping center's commitment to art and architecture, even though the (in)famous car spindle (right) was removed. Above, the re-establishment of the iconic neon sign was celebrated in a YouTube video.

Project Narrative:

Cermak Plaza, originally built in 1956 as one of the nations' first shopping centers, had fallen on hard times. The center had functioned as Berwyn's town center for 30 years, and was known in art and architectural circles for its unique sculptures (including "the Spindle," above right, consisting of eight junk cars impaled on a giant metal spike), and its characteristic neon signs. However, a competing mall and changing demographics had led to declining occupancy (40 percent vacant) and a high degree of concern among City fathers.

In 2009 Concordia Realty bought the distressed shopping center, cleaned up UST's, TCE, petroleum, and other contaminants from a dry cleaner and an auto repair shop. The federal Brownfields Tax Incentive program had the effect of significantly lowering the negative impact of the $500,000 remediation costs. Total new investment exceeded $15 million in improvements.

The revamped shopping center attracted a 90,000 sq ft Meijer's supermarket, and overall occupancy improved dramatically to 87 percent.

Facts and Figures:

- Total Investment: $15.5 million (100% private)
- Acreage: 20 ac.
- Size:
  - Refurbished: 300,000 sq ft
  - New: 20,000 sq ft
  - Total: 320,000 sq. ft.
- New permanent jobs: 390 (estimated)
- Vacancy before redevelopment: 40%
- Vacancy after redevelopment: 13%
- Estimated Construction Jobs: 153
- Remediation costs: $500,000
- Annual Property Tax Revenue to Locality: $1.7 million
- Estimated Federal Tax Benefit: $2.0 million
- Year completed: 2011

Quote from the Mayor

"Cermak Plaza serves as a gateway to the City of Berwyn. In these times, it is encouraging that its owners and management have stepped up their efforts in cooperating with the City to revitalize this commercial gem," said Mayor Lovero, 31 March 2010.

Read more about historic Cermak Plaza:

- *"Cermak Plaza, A revolutionary art (and shopping) center going slowly to ruin"*
- *YouTube video celebrating the return of the iconic neon sign*

CLOCK SHADOW "HAPPY FACTORY" PROJECT DEMONSTRATES SUSTAINABILITY IN MILWAUKEE

Clock Shadow, designed as a "quadruple bottom line" project

Clock Shadow site in the Walker Point neighborhood, Milwaukee's "most diverse and vibrant neighborhood."

Project Narrative:

One news article summed it up this way: "Built on a former brownfield site, the Clock Shadow Building is now a mixed-use office building that includes community wellness clinics as well as a cheese factory and an ice cream shop. Basically it's a happy factory - go see a wellness practitioner for a tune-up, grab an ice cream cone and stop by for some cheese to take with you on your way out."

The tenant group is an eclectic mix of community serving businesses and non-profits: an ice cream shop, a cheese factory, a wellness collaborative (Aurora Healthcare Community Clinic, the Healing Center, and CORE/El Centro). The roof is occupied by a vegetable garden, which is maintained by the employees and some of the patients of the clinic as part of their therapy.

Former uses of the site included a lead smelter, and the property was cited in a USA Today exposé on former lead smelting sites that were suspected of endangering residents of nearby neighborhoods. The property was later used as a scrap metal shop and junkyard. Contaminants that were addressed as part of the project included lead, other heavy metals, and arsenic.

Sustainability elements include: a solar passive design; a geothermal system; operable windows; a high proportion (50%) of recycled material; a green roof; and an elevator that uses regenerative energy. The building achieved a 45 percent reduction in energy use relative to conventional construction.

Facts and Figures:

- Address: 538 S 2nd Street, Milwaukee, WI
- Years Vacant Before Cleanup: 15
- Total Investment: $7 million
- Size: 30,000 sq. ft.
- Permanent Jobs: 40
- Estimated Construction Jobs: 69
- Remediation costs: $565,000
- Annual Property Tax Revenue to Locality: $59,300
- Estimated Federal Income Taxes Generated: $566,000
- Year completed: 2012

Neighborhood Spin-off Development

The Clock Shadow project contributed to and helped stimulate at least four additional neighborhood redevelopment projects in the up-and-coming Walker's Point neighborhood:

- An $11 million warehouse conversion to retail and market rate apartments;
- A $4 million loft housing conversion;
- The 7,000 sq ft Chef's Table Restaurant; and,
- A $2 million Anodyne Coffee Roasters project.

Juli Kaufmann, Fix Development, on the federal Brownfields Tax Incentive:

"The cleanup costs were more than 8 percent of the project budget, and the project would not have happened absent brownfields incentives." She indicated that the value of the federal Brownfields Tax Incentive was to lower the cleanup bill by about one-third.

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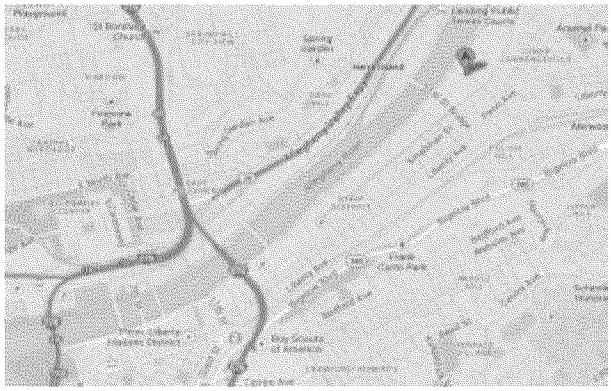
32ND STREET BUSINESS CENTER, PITTSBURGH, PA – NEW INDUSTRIAL INVESTMENT COMPLEMENTS THE MASSIVE MIXED USE STRIP DISTRICT REDEVELOPMENT

32nd street Business Center (photo credit, Google Maps)



32nd Street Business Center – only 1 ½ miles from the Pittsburgh's Golden Triangle and just across the Allegheny River from the Washington Landing redevelopment

Project Narrative:

The Lectromelt plant had produced electric arc furnaces for the steel industry up until 1990, when it closed and fell into disrepair (see picture at lower right). Because of its location less than 2 miles from Pittsburgh's Golden Triangle and on the northern edge of the Strip District redevelopment area, the Pittsburgh Urban Renewal Authority (URA) acquired the property and packaged redevelopment incentives with the larger "Nine Mile Run" slag heap redevelopment.

After demolition of derelict structures, URA sold the property to the Rubinoff Company, an experienced brownfields developer that was also the lead development entity for the Herr's Island/Washington Landing project, just across the river from the Lectromelt site.

The Rubinoff Company cleaned up soil contaminants) and groundwater contamination (lead, mercury, VOC's, and PAH's). Remediation costs were $1.16 million, but the federal Brownfields Tax Incentive lessened the impact of remediation costs by approximately 40 percent, representing a savings to the project of more than $400,000.

The site redevelopment consisted of 97,000 square feet of new flex/industrial/warehouse space in two adjacent structures. Business occupants now employ approximately 170 persons. The larger Strip District area is undergoing a massive redevelopment make-over. A recent article referred to the Strip District revitalization as streets "now lined with shops and boutiques, with different art, food and culture mixing in the relatively small area." Current plans call for a new $400 million mixed use redevelopment.

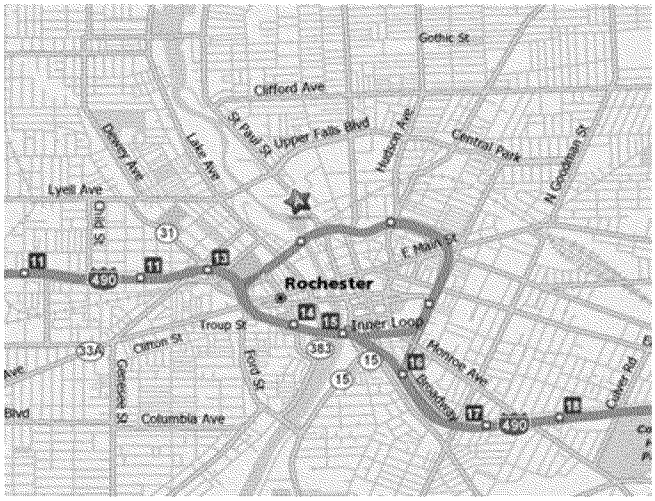
Facts and Figures:

- Address: 50 33rd Street, Pittsburgh, PA
- Years vacant before cleanup: 8
- Size: 6.7 acres;
- Redevelopment: 97,000 sq ft industrial/flex/ warehouse space;
- Permanent jobs: 170
- Capital investment: $5 million
- Estimated construction jobs: 50
- Remediation costs: $1.16 million
- Annual property tax revenue to locality: $93,400
- Estimated federal tax income benefit: $1,804,000
- Year completed: 1998

The derelict Lectromelt site before City acquisition – if this site had remained in this dilapidated state, it would have discouraged later investment in the Strip District

GERMANOW-SIMON, ROCHESTER – MANUFACTURING EXPANSION IN HISTORIC BUILDING

Germanow Simon manufacturing expansion, Rochester



Germanow Simon's location in the Upper Falls neighborhood near downtown Rochester

Project Narrative:

Germanow Simon upgradedand expanded in their current facility, a century old historic building near downtown Rochester, retaining 93 existing jobs and creating 28 new jobs. The project doubled space for two of the company's divisions, G-S Plastic Optics and Tel-Tru Manufacturing Co. The former produces custom-made precision-polymer optics, and the latter manufactures bimetaldial thermometers and other instruments.

In addition to the brownfield remediation, redevelopment of the site consisted of energy efficiency improvements including window replacement, HVAC, and insulation, renovation, expansion, and modernization of the manufacturing space, and creating an environment that reflected the high tech components and products the Germanow-Simon Companies manufacture.

Primary contaminants werePCE, TCE and petroleum.

Aside from the federal Brownfields Tax Incentive, the project benefited from the New York State Brownfields Cleanup Program Tax Credit. Mark Gregor, Manager, Rochester Environmental Quality Division, confirmed that the project's financial feasibility was dependent state and federal brownfields incentives.

Facts and Figures:

- Address: 408 St. Paul Street, 388-392 St. Paul Street; and 19-23 Emmett Street
- Size: 1.9 acres
- Redevelopment: 50,000 sq ft
- Permanent Jobs: 93 jobs existing jobs retained, 28 new jobs added
- Capital investment: $3,250,000
- Estimated construction jobs: 25
- Remediation costs: $717,677
- Years vacant before cleanup: 0
- Annual property tax revenue to locality: $93,400
- Estimated Federal Tax Benefit: $105,000

Property History

Germanow-Simon Corp is a family owned business that was founded in 1916, and is one of Rochester's oldest continually operating manufacturing businesses. The 97 year old company has been operating at the same Rochester location since 1926, and in conducting this project decided to modernize and restore this facility rather than relocate their facilities elsewhere.

456 GRAND STREET, BROOKLYN – MARKET RATE HOUSING REPLACES VACANT LOT

456 Grand, Brooklyn – long-standing vacant lot brought back to life

456 Grand – upgrading the Williamsburg section of Brooklyn

Project Narrative:

Triangle Court, LLC is building a 63,000 square foot, six-story mixed use residential and commercial development with parking below ground. The ground floor will include 8,000 square feet of retail space split between five store fronts including a diner, a pharmacy and other small businesses. The remaining floors of the building will be developed into 50 rental apartments.

Triangle Court, LLC enrolled this 18,250 square foot property in the NYC Voluntary Cleanup Program (VCP) in March 2011. The property is located in the Williamsburg section of Brooklyn. Historically, theproperty was occupied by commercial and residential buildings as farback as 1905, theaters during much of the 1900's, and gas station from1978 to 2007. Prior to enrollment in the NYC VCP, the site was anunpaved vacant lot.

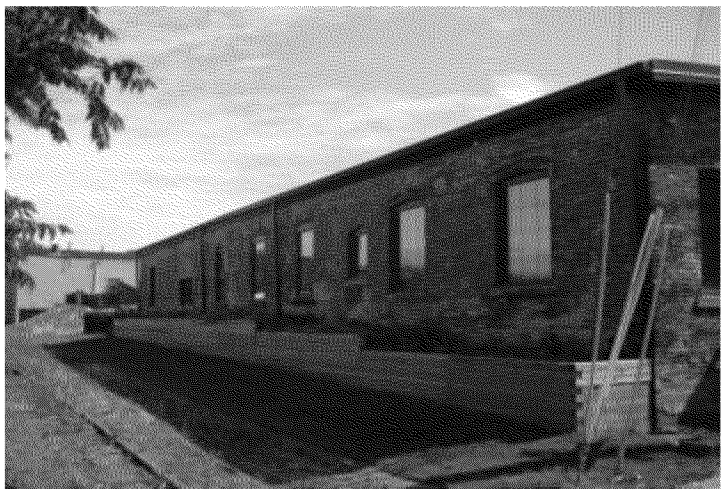
The remediation of this site was completed in March 2012 and achieved unrestricted use cleanup objectives, meaning that the property is nowsafe for any use with no restrictions.

Facts and Figures:

- Address: 456 Grand, Brooklyn
- Size: 0.4 acres
- Redevelopment: 63,000 sq ft
- Permanent Jobs: 36 jobs
- Capital investment: $13.5 Million
- Estimated construction jobs: 134
- Remediation costs: $459,000
- Projected 30-year Revenue - New York City: $4,679,269
- Estimated Federal Tax Benefit: $105,000
- Years Vacant Before Cleanup: 4

Cleanup and site prep

DARD BUILDING, LANSING, MI – LONG VACANT PROPERTY RESTORED FOR OFFICE USE IN HISTORIC OLD TOWN



The Dard Building's location in Lansing's historic Old Town neighborhood

Project Narrative:

Brownfields Redevelopment Specialists, LLC acquired, cleaned up, and redeveloped the Dard Building, a long vacant property in Lansing's historic neighborhood of Old Town. The new office users include Triterra (an environmental consultant affiliated with Brownfields Redevelopment Specialists), and the Governor's Council on Physical Fitness Foundation.

The $1.1 million investment in cleanup and rehabilitation leveraged 32 new jobs and 4 retained jobs.

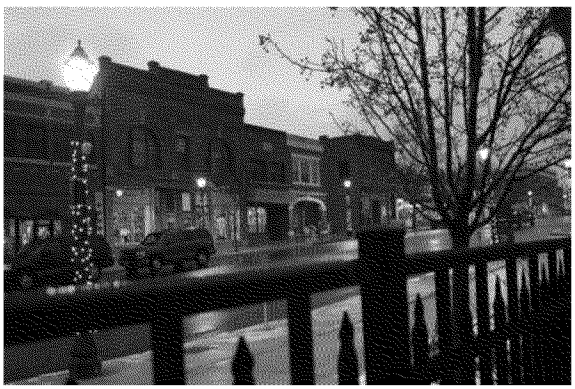
The redevelopment contributed to the continuing historic revitalization of Old Town, a racially and ethnically mixed neighborhood (51 percent non-white) that is on the National Register of Historic Places.

The remediation, addressed dry cleaning solvents and underground storage tanks. The UST's were in the category of unexpected expenses, as the site assessment revealed only one tank, but excavation uncovered nine. The developer indicated that the increase in cleanup costs (approximately doubling from $90,000 to $175,000) might have sunk the project, if incentives had not been available. Absent the federal Brownfields Tax Incentive program, the cleanup costs would have been 16 percent of total development costs.

Alan Hooper, then President of Brownfield Redevelopment Specialists, said, "Without the brownfields incentives, the project simply would not have happened." In addition to the Brownfields Tax Incentive program, the project was assisted by tax increment financing through Lansing's Brownfields Redevelopment Authority and an EPA Revolving Loan Fund Loan.

Facts and Figures:

- Address: 1213 Center Street, Lansing, MI
- Size: 0.86 ac., 13,000 sq ft.
- Employees: 32 new jobs and 4 jobs retained
- Investment: $1.1 million.
- Years Vacant Before Cleanup: 10
- Estimated construction jobs: 36
- Remediation costs: $175,000
- Estimated annual property tax revenue to locality: $54,000
- Estimated federal income taxes generated: $885,799
- Year completed: 2007



The Dard Building reinforces the revival of Old Town, which won IKEA's "Main Street Makeover" contest.

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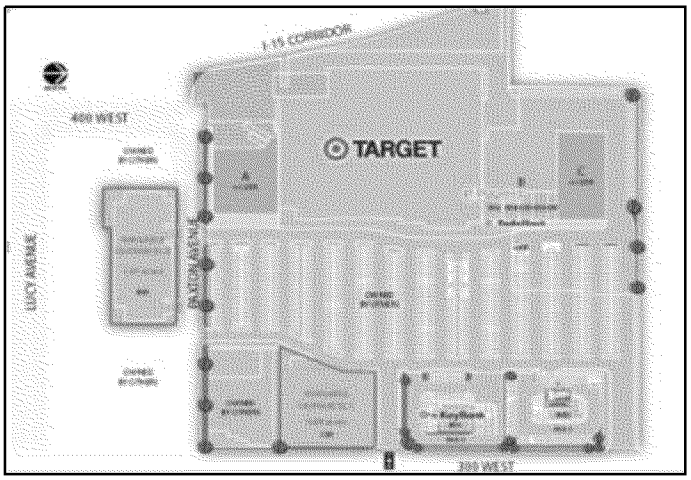
300 WEST TOWN CENTER, SALT LAKE CITY, UTAH – MODERN RETAIL REPLACES OUTMODED INDUSTRIAL PROPERTIES NEAR DOWNTOWN



300 West Town Center. Above left, the new Target store; left, the site plan; above right, the location near downtown Salt Lake City.

Project Narrative:

The 300 West Town Center project, near Salt Lake City's downtown, took a blighted 18-acre parcel and redeveloped it for a Target and other retail services.

The site, on the outskirts of downtown Salt Lake City, had been used for a variety of commercial and industrial uses: a sign manufacturer, an engine remanufacturer, cabinetry shop which used to be laundry, a grinding business and tool manufacturer, fancy car wash, construction storage yard, and diesel repair shop. The developer, Weingarten-Miller Real Estate, cleaned up chlorinated solvents, petroleum hydrocarbons, heavy metals, and a small amount of PCBs.

According to the Michigan Department of Environmental Quality, the cleanup was over $500,000, just for the petroleum cleanup. The Brownfields Tax Incentive program reduced the cleanup barrier to the redevelopment.

The site redevelopment also helped reinforce investments being made in the Gateway District, a 650-acre rail yard and industrial center, being transformed into a near-downtown mixed use center.

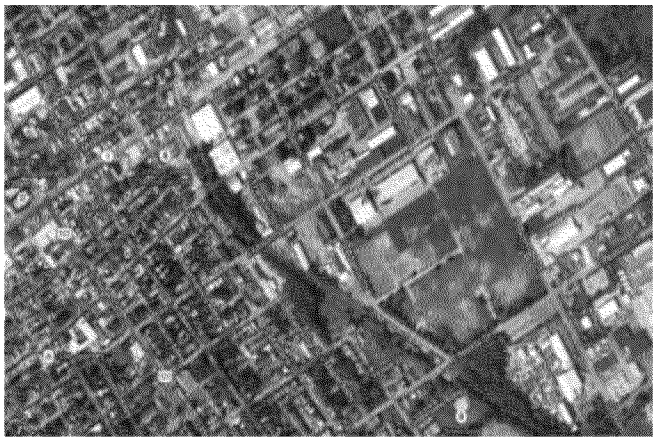
Facts and Figures:

- Address: 300 West Town Center, Salt Lake City, UT
- Years vacant before cleanup: Partly vacant for 5 years
- Estimated total investment: $21.7 million
- Size: 18 acres and 181,000 sq ft retail space
- Permanent jobs: 200 jobs
- Estimated construction jobs: 215
- Remediation costs: more than $500,000
- Annual property tax revenue to locality: $145,000 (estimated)
- Estimated federal income taxes generated: $1,021,000
- Year completed: 2010

1300 West Town Center undergoing cleanup

GOOD WILL BUSINESS PARK, WEST CHESTER, PA

Alliance Environmental's headquarters - a redeveloped brownfield



Good Will Business Park, near downtown West Chester, PA

Project Narrative:

The federal Brownfields Tax Incentive was instrumental in enabling Alliance Environmental to clean up and redevelop an 8.5-acre former landfill and pharmaceutical property in an economically distressed neighborhood of West Chester, Pennsylvania. The property (vacant for 10 years) is now the location of the Good Will Business Park, which encompasses over 100,000 square feet of industrial, office, and retail space, including the Alliance Environmental headquarters, several other private businesses, a local volunteer fire department, the West Chester Area Senior Center, and a district court building.

The federal Brownfields Tax Incentive allowed the immediate expensing of qualified remediation costs versus the capitalization of such costs, the effect of which was to reduce the company's new taxable income for the year and remove one of the final barriers to redevelopment.

The site's former uses included a brick quarry, a landfill, and a pharmaceutical manufacturing facility, Wyeth Incorporated. Wyeth had produced penicillin in the 1970s and '80s and groundwater on the property remained contaminated from this and other activities.

Several area redevelopment projects followed the Good Will lead: within a two block area Habitat for Humanity constructed 17 new homes and a 12,000 SF retail strip mall was completed and occupied.

Facts and Figures:

- Address: 530, 540, 550, 552 East Union Street, West Chester, PA
- Years vacant before cleanup: 10
- Total investment: $9.2 million
- Size: 106,000 sq. ft. office/industrial/retail/ public services
- Permanent jobs: 140
- Estimated construction jobs: 91
- Qualified remediation costs: $954,000
- Annual property tax revenue to locality: $84,002
- Estimated federal income taxes generated: $1,980,000
- Year completed: 1999

Quotes:

- The developer, Senya Isayeff, on the Tax Expensing Program, *"It's amazing to me that more businesses are not aware of the assistance that is available to them," Isayeff said. "A lot of people are afraid to deal with something they think is bureaucratic. Our experience has been just the opposite."*
- Department of Environmental Protection Secretary David E. Hess: *"It might have been easier for Alliance Environmental to build on pristine Chester County farmland," Secretary Hess said. "But instead, they chose to replace the abandoned factory site with a landscaped office park and to offer this neighborhood access to jobs instead of an eyesore."*

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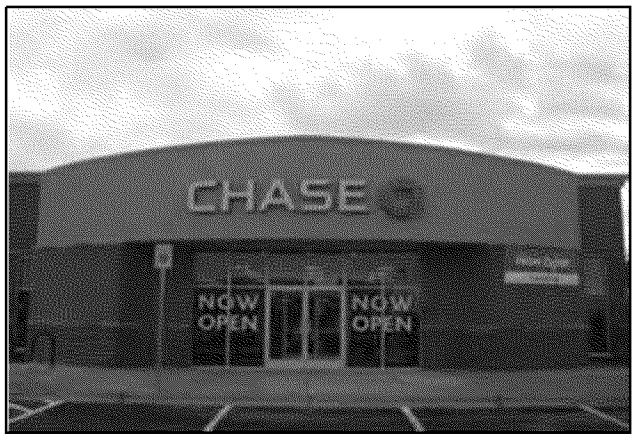
SUN CITY, FLORIDA – VACANT GAS STATION BECOMES CHASE BANK BRANCH



New Chase Bank branch (picture is illustrative)

The vacant gas station on a high visibility corridor in Sun City

Project Narrative:

This long vacant and dilapidated gas station was cleaned up and re-purposed as a Chase Bank branch office. The developer, GC Partners, LLC, specializes in turning around distressed properties, especially abandoned gas stations. In this case they acquired a gas station that had been vacant for three years, invested $523,000 in cleanup of petroleum contamination (including an off-site plume), and then successfully redeveloped the site for the bank branch office. Cleanup costs represented more than 25 percent of development costs, but the federal Brownfields Tax Incentive (allowing deduction of remediation costs in the year incurred) had the effect of reducing the cleanup costs by more than one-third.

The new Chase Bank branch represents a $2 million investment, nets 17 jobs, and produces approximately $25,000 in local property taxes, annually.

The Environmental Protection Commission of Hillsborough County cited the redevelopment (702 N. Pebble Beach Blvd., Sun City Center, FL) in their 2012 report to the State relative to their Brownfield Delegation Agreement. The report cites the abandoned property as being "in disrepair and out of compliance with the Storage Tank Rules." The developer remediated the site under Florida's unique regulatory system, whereby brownfield cleanups are often delegated to the county.

Facts and Figures:

- Address: 702 N. Pebble Beach Blvd., Sun City Center, FL
- Years Vacant Before Cleanup: 3
- Total Investment: $2 million
- Size: 0.5 ac; 10,000 sq. ft. office/branch bank
- Permanent Jobs: 17
- Estimated Construction Jobs: 20
- Remediation costs: $523,000
- Annual Property Tax Revenue to Locality: $25,000
- Estimated Federal Income taxes generated: $438,000
- Year completed: 2012

The Developer's Business Model and the Federal Tax Incentive

The developer, Carey Graham, of GC Partners, LLC described their business model as it relates to repurposing gas stations and using on the federal Brownfields Tax Incentive. He cited the relatively automatic nature of the Section 198 program as the critical factor, in effect reducing cleanup costs in a way that the developer can count on, without incurring a lot of delay, negotiation, or bureaucratic process.

GC Partners has lined up three additional gas station sites in North Miami. However, when informed that the tax incentive was not renewed by Congress, Mr. Graham said, *"that means there will be some properties we will pass up. There are a lot of other things we can do that don't take two years."*

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