



New York State's BCP generates \$7 billion in private investment

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Local communities across New York have received direct and indirect economic benefits from the State Brownfield Cleanup Program (BCP) including \$7 billion in total investment, 42,300 construction jobs and 15,000 direct permanent jobs (21,300 direct and indirect) - much of it during one of the worst real estate recessions in recent history.

These and other findings are contained in a new report, New York State Brownfields Cleanup Program: An Assessment of the Economic, Fiscal and Environmental Impacts, prepared by Redevelopment Economics, an independent national brownfield consulting firm. The report analyzed 96 brownfield development projects that had earned a "Certificate of Completion" from the State Department of Environmental Conservation. The 67-page study was funded by the Developers Brownfield Alliance, a statewide group of developers who have participated in the BCP. The Alliance did not participate in the preparation of the report.

Adopted by the state in 2003, the Brownfield Cleanup Program offers a series of tax credits built into New York State's Tax Law that incentivize voluntary cleanup of sites that are contaminated with hazardous waste or petroleum. Developers of these sites qualify for state tax credits. The BCP has come under criticism in recent years for its cost. However, largely missing from the public debate is any quantitative information about the economic, employment and fiscal impacts of BCP redevelopment projects. This new report seeks to fill that void by providing a thorough analysis of the far reaching impacts of BCP projects throughout the state.

Analysts from Redevelopment Economics found that the return on State investment is impressive: each dollar of BCP tax credit produces \$2.11 in direct state tax revenues over 20 years, with an additional \$1.33 in indirect revenues, which does not include additional local tax revenues creating from these projects. All of the jobs and investments attributable to the BCP are located within existing communities, thus supporting smart growth and community revitalization objectives.

Other key findings include:

- * 43% of the projects and associated jobs created at redeveloped sites are in high poverty/high unemployment "EN Zones."
- * Using a broader metric of economic distress, 63 percent of projects were either in the EN Zone or in a census tract where the poverty rate was above the statewide average.
- * 26% are in Brownfield Opportunity Areas.
- * Partly due to the 2008 reforms that accelerated BCP credits for manufacturing operations, 15 manufacturers located, expanded, or re-invested in upstate NYS leading to 2,500 jobs (1,200 new and 1,300 retained).

"For many years communities with an industrial heritage like Buffalo Niagara's have faced very

expensive challenges in how to redevelop multiple brownfield sites that were obstacles to progress and economic resurgence," said Buffalo Niagara Enterprise president and CEO Thomas Kucharski. "The Brownfield Cleanup Program has played a vital role in helping us to attract six major manufacturing projects and an important headquarters operation to our community. Formerly contaminated sites are now home to almost 1,000 clean manufacturing jobs and what was once thought to be impossible is now affordable, helping us to more effectively market our region."

The report concludes that the way the existing tax credit model is codified in New York "providing a large incentive to developers upon the completion of their project" is working and should be used as a national model. It further notes that program models in other states which focus only on the environmental cleanup have a much lower redevelopment success rate because developers can walk away from the remediation site after it is clean if tax dollars have already paid for the cleanup.

Evans Paull, principal of Redevelopment Economics, said, "New York's BCP compares favorably to other state brownfields programs on several levels: just in terms of sheer numbers, the job and investment metrics are substantially higher than other states. "The emphasis on redevelopment funding, instead of cleanup-only, leads to a much higher rate of projects crossing the finish line, and the as-of-right nature of the tax credit has the maximum effect on private investment decisions."

"Redevelopment of contaminated sites is good for all New Yorkers," said Damon Hemmerdinger, co-president of ATCO and a member of the "By redeveloping brownfields, developers fix threats to public health and make investments that create jobs and tax revenue. They also invest in locations that are already supported by public infrastructure."

"It is always easier and cheaper to develop on a clean site, so without financial incentives from the state, developers will just go back to doing greenfields," Hemmerdinger said. "The public debate until now has focused on the costs of the program without looking at its benefits, and we hope that the data being presented today helps close this information gap."

The full report, including methodology, is available at:
http://www.redevelopmenteconomics.com/yahoo_site_admin/assets/docs/BCP_Report_FINAL_2-19.55104930.pdf