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Brownfields

New York's Redevelopment Program Provides Economic Benefit, Partnership Says

More than 60,000 brownfield sites in New York with potential contamination make a robust state brownfield redevelopment program important, according to a report released Jan. 29.

This importance is reflected in a relatively consistent number of annual applications for the state's brownfield cleanup program, said the report, "New York State Brownfield Cleanup Program and Tax Credit Analysis." Applications number 30 to 40 per year, fluctuating with policy, court decisions and market conditions, the study said.

Sponsored by the New York City Brownfield Partnership (NYCBP), the study analyzes the impact of the New York State Brownfield Cleanup Program (BCP), and specifically the impact of brownfield tax credits, on the cleanup and redevelopment of brownfield sites in the state. NYCBP is a nonprofit, public-private partnership promoting the cleanup and redevelopment of brownfield sites in New York City.

Deborah Shapiro, president of NYCBP, said in a statement, "When discussing these issues, we were surprised by the sparseness of information regarding the economic and fiscal impact of the BCP and the apparent absence of studies evaluating the economic impact of the 2008 BCP amendments.

"Since the Legislature is proposing further changes to the BCP, we thought it was essential for key decision-makers to have objective information on these issues," she said.

A proposed state budget for fiscal year 2015 released Jan. 21 by Gov. Andrew M. Cuomo (D) seeks to limit tax credits available to New York's brownfields program to sites that are most in need of redevelopment (15 DEN A-9, 1/23/14).

Report's Key Findings. Other key findings of the report include:

- Sites admitted into the BCP since the 2008 amendments tend to be smaller, more geographically diverse, more likely to be located in low-income areas and more likely to have industrial or affordable housing end uses than the sites admitted into the BCP during 2003-2008.

- The post-2008 projects are, at least to date, significantly less of a burden on the state treasury than those admitted in 2003-2008. The average tax credit cost for those sites to date is about \$1 million, compared to \$14 million for pre-2008 projects.

- A much greater percentage (74 percent) of tax credits for post-2008 projects have been earned as a result of site cleanup expenses rather than development costs (26 percent). The comparable percentages for pre-2008 projects are 7 percent (cleanup expenses) and 93 percent (development costs).

- The \$1 billion of the BCP tax credits have helped stimulate about \$8 billion of direct investment in cleanup and development. Using well-accepted economic modeling, the study estimates that the total economic activity stimulated by the BCP to date is about \$15.5 billion.

Darren Suarez, director of government affairs for the Business Council of New York State, told Bloomberg BNA: "The New York City Brownfield Partnership study confirms the New York State Brownfield Cleanup Program has facilitated a significant return to the state and that the current program has become a valuable and effectual tool in the redevelopment of underutilized properties."

Objective Data. According to the executive summary of the report, it provides "objective data regarding the impact and effectiveness" of the program, especially the brownfield tax credits.

Peter Iwanowicz, executive director of the Environmental Advocates of New York, agreed, telling Bloomberg BNA the report mainly lists numbers, which he called “good numbers.” Using these, readers can reach their own conclusions, he said.

Iwanowicz, a longtime critic of New York’s brownfields program, supports Cuomo’s proposal to overhaul the state program. Under the current program, “tax credits are going to big developers and not to cleaning up brownfields,” he said.

The study was directed by Barry F. Hersh, clinical associate professor at New York University’s Schack Institute of Real Estate.

BY PAT WARE

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“New York State Brownfield Cleanup Program and Tax Credit Analysis” is available at <http://op.bna.com/env.nsf/r?Open=r1en-9ftugy>.