

House Finance Committee
Interested Party Testimony, House Bill 33 (Edwards)
Written Testimony – Prepared by AECOM
3/24/23

Chair Edwards, Vice Chair LaRe, Ranking Member Sweeney, and members of the House Finance committee, thank you for the opportunity to provide Interested Party Testimony on House Bill 33 (HB33), regarding the state’s Main Operating Budget for Fiscal Years 2024 and 2025.

Prepared by: Mike McKim, Ohio VAP Certified Professional #249 and Catherine Kliorys, Economic Development Strategist, AECOM, Cleveland, Ohio

We have performed brownfield redevelopment services in Ohio for over 20 years with AECOM, an engineering and architectural consulting firm. We have helped our clients obtain millions of dollars in brownfield grant funding, first through the Clean Ohio Fund and more recently through the Ohio Brownfield Remediation Program. These grants have typically funded redevelopment activities such as acquisition, environmental assessments, sampling, asbestos abatement, demolition, and remediation on brownfield sites. These properties would not have been redeveloped without these grant funds.

Brownfield Market Demand in Ohio

We commend the Legislature for establishing the \$350 million Brownfield Remediation Program (BRP) in the FY22-23 main operating budget. The initial funding for the BRP was very generous and clearly showed Ohio’s renewed interest in supporting brownfield redevelopment. It created the framework for a new program that should be renewed to maximize its potential impact. We are very familiar with the ongoing demand for these funds and were not surprised at how quickly the available funds were fully allocated to Ohio brownfield sites.

The BRP was quickly and clearly oversubscribed; it is obvious that there is great demand for continued brownfield funding, and we think that demand is even greater than the first 3 rounds of the BRP indicated. While the Clean Ohio Fund was mainly utilized by cities and municipalities, developers emerged as the main applicant sector for the BRP. Potential applicants had only a few weeks’ notice from program announcement until the Round 1 due date to prioritize brownfield projects and assemble applications. Many of Ohio’s neediest communities had shelved their brownfield projects more than 5 years prior with the sunset of the Clean Ohio brownfield programs and did not have sufficient time to update those projects and request BRP funding. The program’s aggressive schedule better suited developers, who are more likely than local cities to have smaller brownfield portfolios and the necessary resources, expertise, and staff to quickly prepare grant applications. Several Appalachian communities we work with reported that they were unable to react quickly enough, especially given COVID-related staff shortages, to submit BRP applications due to the aggressive and somewhat unpredictable program schedule.

Brownfield projects typically take several years to complete; more than one year of Ohio funding is necessary to support these projects. A renewed BRP program that offers a clear and predictable multi-year schedule, like that offered by the prior Clean Ohio brownfield funding, would best support public entities and other interested applicants in prioritizing and preparing future brownfield grant applications.

The BRP also indirectly increased the capability of Ohio's land banks to engage in commercial/industrial brownfield redevelopment, whereas historically they have focused on residential demolition. The second largest applicant sector for the Brownfield Remediation Program were Ohio's land banks. This burgeoning capacity building of Ohio's land banks will cease without continued public funding. Renewing this program would allow these organizations to continue to allocate staff resources to address blighted properties and see their brownfield redevelopment projects through to completion.

We saw the brownfield redevelopment market nearly stall without the aid of Ohio funding. Brownfield redevelopment projects on which we provided professional services in the years between the Clean Ohio Fund and the BRP were almost non-existent. Public funding is necessary to subsidize brownfield redevelopment in Ohio's Rustbelt real estate market. Businesses and developers cannot afford to finance the additional environmental costs associated with brownfield redevelopment projects and need state funding to offset these costs. The absence of Ohio brownfield funding will negatively impact Ohio's urban centers and instead promote development on previously undeveloped land, known as greenfields, that lack the available infrastructure and workforce of brownfield sites. Ohio brownfield grant funds have the added benefit of providing many jobs associated with brownfield redevelopment.

Addressing the Ongoing Need for Additional Brownfield Funding

The as-introduced budget does not include funding for the Brownfield Remediation Program, and we are providing our testimony today to encourage the committee to provide an additional \$350 million to continue to fund this critical program in the FY24-25 budget.

The first three BRP rounds awarded assessment dollars to 125 projects – which now likely require cleanup to advance redevelopment goals but will not have access to capital if the BRP program is not renewed. Such cleanup funding is essential to eliminating the public health and safety concerns posed by brownfield sites, especially in Ohio's poorer communities that are predominately impacted by environmental justice concerns.

We encourage members of the House Finance Committee to include successive funding for the BRP in the 2024-2025 main operating budget. The Clean Ohio Fund made Ohio a top contender in the country's economic development and site selection competition. The BRP has been a critical and welcome revival of these necessary incentives; the BRP was funded at an impressive level that showed Ohio was once again open for business. Please continue to enhance Ohio's business climate with continued funding for the Brownfield Remediation Program.

Conclusion

Chair Edwards, Vice Chair LaRe, Ranking Member Sweeney, and members of the House Finance committee, please include a \$350 million funding renewal for the Brownfield Remediation Program in the FY 24-25 budget. Thank you for your time and attention to this important issue.