

House Finance Committee
Interested Party Testimony, House Bill 33 (Edwards)
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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.

My name is Ryan Sommers, and I am the Managing Director of Financial Services at Project Management Consultants LLC. Our firm is based in Cleveland and helps structure financing for development projects across the country. Ohio is our home and most of our work is on projects here in our home state. We live in a beautiful state with a bright economic future, yet we are challenged by having many vacant and blighted properties across our 88 counties, many which are contaminated with asbestos or other hazards. These “brownfield” sites are inherently more challenging and expensive to redevelop due to the additional costs associated with demolishing previous uses, remediating the site, removing contaminated waste appropriately and preparing the sites for vertical construction. These additional costs cause a financing gap for developers, companies and property owners as they consider whether to invest in the redevelopment of these buildings and parcels of land, compared to other, clean sites. We believe that many of these sites across the state will continue to sit vacant unless we find ways to repurpose them and close the financing gaps, therefore allowing redevelopment of these sites into economically productive uses like industrial, office or residential use.

Brownfield Successes Over Past Two Years

Recognizing the challenge presented to Ohio by the presence of brownfields, the FY22-23 main operating budget established the Brownfield Remediation Fund (BRF), providing \$350 million to assess and cleanup these environmentally contaminated sites. We commend the Legislature for the inclusion of this program, and the Ohio Department of Development in its administration of this successful program.

The Brownfield Remediation Fund’s \$350 million provided grants to 313 projects in 83 of Ohio’s 88 counties. While this is a significant investment in the assessment and cleanup of brownfields, the need remains for grant dollars to remediate and redevelop these blighted brownfields into productive use.

Addressing the Ongoing Need for Revitalization

The as-introduced budget does not include funding for the Brownfield Remediation Fund, and therefore, **we are here today to encourage the committee to provide an additional \$350 million to this program in the FY24-25 budget.**

The initial investment of \$350 million granted 188 cleanup grants, which is the final step in the remediation process to address environmental contamination and allow these brownfields to become new industrial and commercial sites, new housing, mixed-use space or developable land. Project Management Consultants assisted 9 applicants apply for and receive awards of over \$20.3MM in funding from this program in the first three rounds. This funding is expected to stimulate transformational reinvestment in communities across the state. These remediation grants are

associated with redevelopment projects with over \$400 million in associated construction costs. That is a 20x multiplier compared to the investment made by Ohio in demolition and brownfield remediation at their sites. Additionally, once these sites are redeveloped, they are projected to result in over 1,000 new residential units, new shops and businesses, and hundreds of new permanent jobs. That's a significant return for the State's investment into bringing these vacant and blighted sites back to productive economic use.

Additionally, 125 projects were granted assessment dollars, which merely determines the contamination present on the site, but does not provide cleanup dollars to complete the work. Without additional funding, these 125 projects will likely remain contaminated, and unable to move into productive economic engines. For these projects, the remediation needs will be known, and costs potentially identified, but the cleanup costs will likely create financing gaps that are too large to overcome without grants from a program such as the Ohio Brownfield Remediation Program.

An additional investment of \$350 million to this program will allow the 125 projects that received an assessment to compete for cleanup dollars. In addition to these 125 projects, the need for brownfield grant dollars remains. The final round for applications through ODOD opened and closed in less than 3 business days due to limited funding remaining and an overwhelming number of applications. Approximately 31 projects with over \$88 million in assessment and brownfield remediation requests applied before the application closed but did not receive an award in Round 3 of the program.

Greater Ohio Policy Center (GOPC) has worked with lawmakers to have a budget amendment drafted to add this funding into the budget. I am here today to encourage members of the House Finance Committee to include this in the budget. An investment in a brownfield grant program is an economic win for the state, and the communities where remediation occurs. Past research by GOPC shows that for every dollar the state invests, there is a five dollar return in private investment. Ohio's previous brownfield grant program contributed more than one billion dollars to the state's GDP during its tenure.

Conclusion

Chair Edwards, Vice Chair LaRe, Ranking Member Sweeney and members of the House Finance committee, thank you for your time and attention to this important issue. I am happy to answer any questions you may have.