



SB 84 Testimony

Chair Schaffer, Vice Chair Huffman, Ranking Member Fedor, and members of the Senate Agriculture and Natural Resources Committee: thank you for your time today in allowing me to provide supporting testimony for Senate Bill 84, legislation related to the Clean Ohio Revitalization Fund.

My name is Mike Grauwelman, and I am the Executive Director for the Montgomery County Land Bank, and am also here today as a Board member of NAIOP of Ohio and a member of the Board of the Ohio Land Bank Association. A little about these two organizations.

NAIOP was founded in 1967. It is a national commercial real estate developers association with over 18,000 members whose mission is to educate and advocate for its membership at federal, state and local levels of government. The Ohio chapter has 400 members and 4 local chapters. It has evolved into one of North America's largest, most prestigious and valuable commercial real estate organizations.

Ohio Land Bank Association was founded in 2019. It is a statewide organization representing the 57 Ohio county land banks that provides education, networking, and advocacy for its membership. The Ohio Association and its legislative authorities are seen as a model by other states to address distressed real estate. This body and its prior leadership can take pride in this acknowledgement.

The interests of these public and private organizations align in distressed real estate, and specifically today in the reuse of the brownfield sites. They play entirely different roles however. The Land Bank's role is to serve the public interest and be an instrument to reposition these properties for reuse. They are empowered to do so under Ohio law which provides unique authorities (environmental indemnification, foreclosure, etc.) that support reuse. Issues such as title uncertainties, uncollectable taxes, liens, and environmental liabilities are examples of encumbrances that impede reuse by the development community.

NAIOP's role is to identify market demand and assemble the very complex financial and development packages for these properties. They represent the future of these sites and are its next owner and investor.

These organizations are aligned in their interests and capabilities to address brownfield sites, but need a financial resource to address remediation and removal of blight.

Redevelopment of brownfield sites is inhibited because of developer concerns of liability and uncertainty (time and cost). Current brownfield remediation incentive programs are highly competitive and do not adequately address the financial challenges to incent development. These issues prevent the reuse of blighted areas driving development to green-fields. The risk and uncertainty creates a void in the reuse chain of title for brownfield properties that Land Banks are ideally positioned to address as a result of Ohio law.

NAIOP has for the past 5 years advocated the need for resources to support the reuse of these sites including it as an annual Ohio legislative priority. NAIOP has in a prior legislative agenda even gone so far as to advocate for Land Bank specific funds to address the issue.

NAIOP's position

NAIOP has been concerned that Ohio is failing to meet the need of these legacy sites with necessary resources, and effectively abandoning many brownfield sites and forsaking economic development opportunities. Without a flexible state funding program these brownfield sites will remain vacant and abandoned, and continue to pose a blighting influence and a health and safety threat to the communities, the full use of public infrastructure investments, and results in further impact to neighboring property values and investment. **By failing to address these sites, community and economic development is inhibited. Local government services are spread over wider geographic areas, increasing taxpayer costs, and challenging the creation of efficient and sustainable communities.** Ohio's communities are not prepared, or able to, finance the measures needed to address the financial challenges posed by these properties.

NAIOP has felt strongly that steps need to be taken to address the reduction of state monies allocated toward brownfield redevelopment. Since the Clean Ohio Revitalization Fund was historically funded from the state's liquor profit revenue it seems that this Bill will simply return some of the funds to the program. The use of the Clean Ohio Fund (passed by the voters) illustrated both the need and the economic benefits of the Clean Ohio Revitalization Fund (Greater Ohio Policy Center, "The Economic Benefits of the Clean Ohio Revitalization Fund", April 2013). For these reasons, NAIOP has urged Ohio's legislators to support the reintroduction of a brownfield program that is flexible, sustainable, and complements existing state and federal programs. SB 84 a "Clean Ohio Revitalization Fund 2.0" program could do this by unlocking the economic potential of Ohio's industrial, commercial, mixed-use, and residential opportunities. NAIOP supports SB 84 and looks forward to continuing conversations with Ohio's legislators about regulatory reforms and funding options for brownfield redevelopment that meets the real estate needs of Ohio's communities.

Ohio Land Banks Association position

The funds associated with SB 84 would help to close this gap. The Ohio Land Bank Association also supports SB 84 and have submitted a letter from our Chair Gus Frangos.

Individual perspective

Ohio Land Banks have quickly recognized the impact of brownfields in their communities and their role and the need for financial support to address abandoned commercial and industrial properties. The state's foresight in indemnifying Land Banks from state governed environmental liabilities positions Land Banks to facilitate site reuse by serving as a liability buffer in the chain of title, and as a remediation partner with the regulator agencies.

This Bill will help to bridge a resource gap that currently exists with the programs made available through Jobs Ohio whose objective is for immediate return on investment, and are not designed to support reuse when the development period is extended as is the case with most brownfield sites. Unfortunately this leaves an investment gap and overlooks the investment made in our existing infrastructure and the increase in service costs over broader areas.