



MEMORANDUM

Date: June 4, 2009
To: Stoughton Redevelopment Authority
From: Gary Becker
Subject: Rail Corridor Redevelopment

This memo summarizes a number of issues regarding potential redevelopment of industrial parcels bounded by South Fourth Street, East South Street, Eighth Street, and the Yahara River (hereafter referred to as the "primary redevelopment area") and included within the boundaries of Redevelopment Area #1 (RA #1) in the City. We have split the redevelopment discussion into three sections: site investigation, grant applications, and TID formation.

Site Investigation & Property Acquisition

A primary step in proceeding with redevelopment in the primary redevelopment area is investigating site conditions, including performing Phase I and Phase II environmental assessments and other environmental investigations. The DNR and Wisconsin Department of Commerce has a number of grant programs to assist site investigations on brownfield sites. However, brownfields grants for assessing sites necessarily require access to the sites in question for the grant to be awarded. Fortunately, the City and Redevelopment Authority (RDA) are granted broad powers in carrying out a Redevelopment Area Project Plans. Because the area in question is now contained in an officially adopted Redevelopment Project Area, the Stoughton Redevelopment Authority, under §66.1333(5)(a)(3), can "enter into any building or property in any project area in order to make inspections, surveys, appraisals, soundings or test borings, and obtain a court order for this purpose if entry is denied or resisted." If the City opts to proceed with submitting brownfields grants to investigate sites in the primary redevelopment area, it will likely require exercising the powers granted to the RDA to complete the grant terms.

If the City opts to move forward with acquiring the MilFab property, acquisition of the Highway Trailers property could be facilitated by the City as well. Because redevelopment for the Highway Trailers property is further along, it would be beneficial to combine the properties – some grant applications are scored more favorably if a project is ready to go.

Grant Applications

Though funding is tight in many state grant programs, there are still opportunities available for securing funds for redevelopment in RA #1.

DNR Site Assessment Grant (SAG)

SAG funding is often used to take the first steps in analyzing a brownfield's redevelopment prospects. They are used for phase I and phase II environmental assessments, environmental investigation, demolition, removal of underground storage tanks, and removal of abandoned containers. Other remediation activities are not covered.

Grants are split into two categories. Small grants (\$2,000-\$30,000) get 60% of funding, and large grants (\$30,001-\$100,000) get 40% of the funding. The grant requires a minimum 20% match. The Governor has budgeted about \$1.68 million per year for SAG grants. However, the DNR has stated that a significant amount of federal stimulus funding (potentially \$3 million) could be designated for the SAG program. If allocated, applications for SAG stimulus money could be due before the end of June.

DOC Blight Elimination and Brownfields Redevelopment (BEBR)

The BEBR program is administered by the Wisconsin Department of Commerce. They are available for most of the activities SAG grants are, plus additional activities, such as property acquisition and brownfield redevelopment.

\$7.5 million is typically budgeted for BEBR funding, with a maximum grant size of \$1.25 million. Required matching funds range from 20% to 50% depending upon the size of the grant requested (more funding requires a higher percentage of matching funds). Funding is dispersed through a continuous application process. The program requires at least seven grants be awarded to municipalities with a population of less than 30,000. Previous grant cycles have tended to have relatively few applications from smaller municipalities, making this grant a good prospect for Stoughton.

DNR Brownfield Greenspace and Public Facilities (BGPF)

This grant assists local governments in cleaning up brownfields to be used by the public in the future. "Public facilities" include parks, recreation areas, libraries, fire stations, and city halls. Grant activities are limited to preparation of a remediation plan and environmental cleanup. Site investigations, such as phase I and II assessments, must have been completed prior to receiving a BGPF grant. The grant recipient must keep the property in public ownership or control. This grant could be useful for cleanup of the area along the Yahara River if the City wishes to install a riverfront bike/ped path.

The Governor has budgeted about \$500,000 per year for this program. The maximum grant award is \$200,000. Required matching funds range from 20% to 50% depending upon the size of the grant requested (more funding requires a higher percentage of matching funds).

DNR Stewardship

Stewardship grants are intended for nature-based recreation, habitat restoration, environmental protection, and water quality protection. Brownfield projects receive greater weight than other Stewardship grant applications. Site investigations and remedial action must be funded through other means – Stewardship funds can only be used for property acquisition and rehabilitation of natural areas. Funds cannot be used for property acquired "involuntarily" (through condemnation), and improvements funded with Stewardship money must remain publicly owned.

There are several different types of Stewardship grants; the overall program receives \$60 million per year. A 50% local match is required. The two Stewardship programs that have the best fit for the primary redevelopment area are the Urban Green Space program and the Urban Rivers program. The Urban Green Space program is "to buy land or easements in urban areas to preserve scenic and ecological values for nature-based recreation, including non-commercial gardening." The Urban Rivers program is "to buy land on or adjacent to rivers flowing through urban or urbanizing areas to preserve or restore scenic and environmental values for nature-based recreation."

U.S. EPA Brownfields Assessment Grants

The U.S. EPA administers an assessment grant that provides up to \$200,000 to local governments and/or redevelopment authorities, with no required match. The funding can be used for phase I

and II assessments, environmental investigation, removal of petroleum tanks, and remediation planning and design. Community input must be gathered prior to submittal of the grant. A letter from the DNR is required as part of the submittal. The EPA has not posted information about how much has been budgeted for the next round of grants, but the program is typically competitive.

U.S. EPA Brownfields Site Cleanup Grants

The EPA provides up to \$200,000 for environmental cleanup, demolition of structures related to cleanup, and removal of abandoned containers and underground petroleum tanks. The applicant must provide a 20% match. Other details are similar to the EPA Assessment Grant.

U.S. HUD HOPE VI Main Street Program

The U.S. Department of Housing and Urban Development (HUD) administers the HOPE VI program. There are several subsectors of Hope VI grants; the best fit for Stoughton is the Main Street program. The purpose of the HOPE VI Main Street Program is to provide assistance to smaller communities in the development of affordable housing that is undertaken in connection with a Main Street revitalization effort. Communities eligible for the program are those that have a population under 50,000 and 100 or less public housing units. Funds cannot be used for public housing construction.

Information for the 2009 application round is not yet available. Last year's notice of funds availability was published on June 26th, with the applications due on August 15th. Last year \$4 million was available and all four eligible communities that applied received \$1 million (the maximum grant amount). Eligible activities include: new construction, reconfiguration, or rehabilitation of affordable rental and homeownership housing located within the Main Street area, architectural and engineering work, and providing moving expenses for residents displaced as a result of the revitalization project, amongst other things. A minimum 5% match is required.

Dane County CDBG & Project Home

The City has partnered with Project Home to submit a CDBG Grant Application to Dane County that will provide funds to improve the condition of the housing stock within the redevelopment area. The City should know sometime around mid-July whether the grant request will be funded.

TID Formation

Most grant projects require matching funds. An effective way for the City to provide the funds is through creation of a new Tax Increment District. TID #5 could be created for the primary redevelopment area to provide grant matching funds, as well as make other improvements to the area.