

Targeted Brownfield Development Loan Program

December 1, 2009

Statutory Reference: C.G.S. § 32-9 kk (f)

Brief Description

The Targeted Brownfield Development Loan Program provides financial assistance in the form of low-interest loans to applicants who seek to develop property for purposes of retaining or expanding jobs in the state or for developing housing to serve the needs of first-time home buyers. Loans shall be available to manufacturing, retail, residential or mixed-use developments, expansions or reuses.

Eligible Applicants

1. Potential brownfield purchasers who have no direct or related liability for the site conditions.
2. Existing property owners who:
 - A. are currently in good standing and otherwise compliant with the DEP's regulatory programs,
 - B. demonstrate an inability to fund the investigation and cleanup themselves, and
 - C. cannot retain or expand jobs due to the costs associated with the investigating and remediating of the contamination.

Eligible Uses of Assistance

- costs of investigation, assessment, remediation, abatement, hazardous materials or waste disposal,
- planning and engineering, including, but not limited, to the reasonable cost of environmental consultants, laboratory analysis, investigatory and remedial contractors, architects, attorneys' fees, feasibility studies, appraisals, market studies and related activities,
- the acquisition of real property, provided financial assistance for such acquisition shall not exceed fair market value as appraised as if clean (not contaminated),
- the construction of site and infrastructure improvements related to the site remediation,
- building and structural issues, including demolition, asbestos abatement, polychlorinated biphenyls removal, contaminated wood or paint removal, and other infrastructure remedial activities,
- remediation, groundwater monitoring, including, but not limited to, natural attenuation groundwater monitoring and costs associated with filing an environmental land use restriction,
- environmental insurance, and
- other reasonable expenses the commissioner determines are necessary or appropriate for the initiation, implementation and completion of the project.

Note: DECD may also purchase participation interests in loans made by the Connecticut Development Authority.

Eligibility Criteria

- project merit and viability,
- the economic and community development opportunity,
- municipal support,
- contribution to the community's tax base,
- number of jobs and commitments to maintain or retain jobs,
- past experience of the applicant,
- compliance history,
- ability to pay,
- applicant's ability to implement project obligations,
- proof of appropriate security for the financial assistance, including, but not limited to, a letter of credit, a lien on real property or a security interest in goods, equipment, inventory or other property of any kind, and
- other criteria as determined by the Commissioner.

Loan Details

1. Each loan recipient pursuant to this subsection may be eligible for up to two million dollars per year for up to two years.
2. No financial assistance shall exceed 50% of the total project cost. Except financial assistance can be up to 90% for planning or site evaluation projects and for projects located in a targeted investment community.
3. Upon approval of the commissioner, a non-state share of the total project cost, if any, may be satisfied entirely or partially from noncash contributions, including contributions of real property, from private sources or, to the extent permitted by federal law, from moneys received by the municipality under any federal grant program.

Requirements and Conditions for Loan Recipients

1. Potential Brownfield Purchasers who receive loans in excess of thirty thousand dollars or use loan proceeds to perform a Phase II environmental investigation, shall be subject to section 22a-134a or shall enter into a voluntary program for remediation of the property with DEP. Recipients who are existing property owners shall enter into a voluntary program with DEP.
2. For any loan greater than fifty thousand dollars, the applicant shall submit a redevelopment plan that describes how the property will be used or reused for commercial, industrial or mixed-use development and how it will result in jobs and private investment in the community.
3. For any residential development loan, the developer shall agree that the development will provide the housing needs reasonable and appropriate for first-time home buyers or recent college graduates looking to remain in this state.
4. Recipients who use loans for commercial, industrial or mixed-use development shall agree to retain or add jobs, during the term of the loan, unless otherwise agreed to by DECD, CDA and the CBRA.

Loan Repayment Terms

1. Loan repayment shall coincide with the restoration of the site to a productive use or the completion of the expansion. Such loans shall be for a period not to exceed twenty years.
2. If the property is sold before loan repayment, the loan is payable upon closing, with interest, unless the commissioner agrees otherwise. The commissioner may carry the loan forward as an encumbrance to the purchaser with the same terms and conditions as the original loan.
3. Recipients who are residential developers shall agree to retire the loan upon sale of the units unless the development will be apartments.

Other information

If the applicant's request for financial assistance involves the department purchasing a participation interest in a loan made by the CDA, the CDA may submit application on behalf of the applicant.

Contact

Please contact Peter Simmons at (860) 270-8149 or Brian Dillon at (860)270-8156 or request assistance via email at Brian.Dillon@ct.gov.