



MULTI –STAKEHOLDER INVOLVEMENT IN SUSTAINABLE BROWNFIELDS REDEVELOPMENT: *A Guide to Brownfields Stakeholders*

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THE PARTNERSHIP FOR SUSTAINABLE BROWNFIELDS REDEVELOPMENT

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Multi-Stakeholders Involvement in Sustainable Brownfield Redevelopment:

A Guide to Brownfields Stakeholders

ABOUT PSBR

The Partnership for Sustainable Brownfields Redevelopment (PSBR) is a national multi-stakeholder non-profit organization comprised of the leading organizations and institutions involved in the brownfields redevelopment effort.

As the focus of the brownfields redevelopment effort moves from the federal government to states and local communities, the Partnership serves as a resource for governments, community groups, nonprofits, environmental organizations, lenders, corporations and developers.

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PARTNERSHIP FOR SUSTAINABLE BROWNFIELDS REDEVELOPMENT: A GUIDE TO BROWNFIELDS STAKEHOLDERS

Introduction

This Guide to Brownfields Stakeholders, developed by the Partnership for Sustainable Brownfields Redevelopment, profiles stakeholders, the groups of interested parties connected to the redevelopment process where a project is initiated, in the visioning stages or underway. It is a Guide developed by brownfields stakeholders for brownfields stakeholders. These actors have a significant stake in redevelopment planning and outcomes.

Stakeholders profiled in this guide include:

- ?? Financial Institutions
- ?? Real Estate Developers
- ?? Community Development Corporations
- ?? Environmental Justice Groups, Community Leaders & Residents
- ?? Environmental Groups
- ?? Nonprofit Groups and Faith-Based Institutions
- ?? Community Businesses & Property Owners On or Near the Site
- ?? Property Owners Disposing of the Site
- ?? Presumed Responsible Parties
- ?? State Environmental Regulatory Agencies
- ?? Local Governments
- ?? State & Local Community and Economic Development Agencies

Materials compiled in the Guide to Brownfields Stakeholders were collected by the Partnership for Sustainable Redevelopment via research, meetings and discussions with experts from each of these stakeholder groups. Stakeholders in over a dozen states provided input including New York, New Jersey, California, Texas, Arizona, Wisconsin, Nevada, Maryland, Pennsylvania, and Connecticut.¹ The Stakeholders Guide synthesizes the research and discussions into an outline of each Stakeholder Group.²

There is substantial diversity within stakeholder groups shaped by an individual's or an entity's interests in the brownfields site and the related redevelopment project. This Guide to Brownfields Stakeholders is an educational tool to assist in designing and implementing a multi-stakeholder involvement process. The stakeholder descriptions herein are snapshots that provide guidance on parties who are affected by or have interests in brownfields projects. They should not be read as an exhaustive articulation of every stakeholder's characteristics, needs issues or concerns.

¹ Additional data on state and local governments is from the Northeast-Midwest Institute's 2002 "Brownfield State of the States."

² The emphasis in this guide is on non-federal stakeholders.

THE STAKEHOLDERS

1 STAKEHOLDER GROUP: *Financial Institution*

DESCRIPTION OF STAKEHOLDERS

All financial institutions that lend money or provide financing for Brownfield properties

Short Term Lenders (Construction and Development Phase)

- Bank
- In some cases, state and other public agencies, particularly for loans for site characterization
- Local government through tax increment financing

Permanent Financing (once a project is developed and complete)

- Bank
- REIT (Real Estate Investment Trusts)
- CMBS (Commercial Mortgage Backed Securities-Wall Street Firms)
- Insurance Companies
- Pension Funds

It should be noted that companies, which provide permanent financing do not make brownfields project decisions, and assume no risk other than normal business risk. Banks that provide short-term loans do incur brownfields risks.

WHEN IS THE FINANCIAL INSTITUTION INVOLVED?

Banks that provide construction lending are involved in:

- Deal Making: planning and financing
- Project construction

Companies that provide permanent financing are involved in:

- Operation or Sale stages

Timing can depend on the expertise of the borrower. Some savvy borrowers approach the bank late in the process because they control the process while less sophisticated borrowers may come into it late because they are unaware of the advantages of early lender involvement. Often, banks are involved at early stages because they require a prospective property purchaser to perform Phase I and other environmental assessment studies.

WHO DOES THE FINANCIAL INSTITUTION RELY ON?

- State Agencies - Some brownfields lenders rely heavily on the state environmental regulatory agency. A well-defined environmental status for a project gives the lender certainty. Official agency actions, such as No-Further-Action letters and cleanup plan approvals are central for lenders. In the absence of these declarations, the bank could reject the loan or require the applicant to perform significant levels of environmental investigation.
- Consultants - Banks use environmental consultants to perform environmental assessments. These outside experts can be as important as the actions of governmental regulators.
- Insurance Companies – Insurers enter the brownfields process to provide coverage in the event of environmental risks.
- In-House Expertise – Large banks have significant technical expertise; smaller banks may not.
- Attorneys – The lenders' environmental managers usually obtain legal advice.
- Community – Depending on the lender, community approval of a project can be an important factor.
- Borrower – Commercial banks have established relationships with developers, builders, and other real estate professionals. Where a strong relationship exists, the borrower's record is an important foundation that the bank relies on.

TO WHOM IS THE FINANCIAL INSTITUTION ACCOUNTABLE?

- Shareholders (CMBS and REIT shares are traded publicly)
- Senior credit officers, foreclosure and trust departments
- State and federal banking regulators
- FDIC

Federal Community Reinvestment Act incentives (CRA) might apply to brownfields projects although at least one bank indicated that brownfields is not an important means by which lenders satisfy CRA requirements.

KEY PERSONS IN THE FINANCIAL INSTITUTION'S ORGANIZATION

The key persons in the financial institution are:

- Loan Officer (direct relationship with the developer/borrower)
- Environmental risk officer
- Risk and credit staff
- Legal and technical support

WHO DOES THE FINANCIAL INSTITUTION SEE AS OTHERS KEY STAKEHOULDERS?

- Municipal Agencies (i.e., development, environmental agencies)
- Redeveloper
- Local Politicians
- Community Interest Groups
- Environmental Regulators

Local government is the most important stakeholder. Agencies, elected officials and citizen groups are important stakeholders. For this stakeholder group, the developer is the critical stakeholder and the impetus that drives the brownfields project.

WHY IS THE FINANCIAL INSTITUTION ENGAGED IN BROWNFIELDS REDEVELOPMENT?

Banks make money by making good loans and being involved in sound business ventures. When brownfields stakeholders are commercial clients of a bank, there is a mutual business relationship. Banks are responsive to good customers. Another crucial factor for lenders is competitiveness (marketplace presence) including maintaining existing customer relationships, attracting new customers and operating in a wide variety of markets.

Community banks often play a special role in redevelopment projects. Increasingly, these locally based lenders are spearheading home grown social and economic revitalization in their neighborhoods.

DOES THE FINANCIAL INSTITUTION VALUE THE MULTI-STAKEHOLDERS PROCESS?

Lenders know that support of a project by affected parties and the affected community enhances the probability of financial success and translates into a better project. Timing is an important factor in the development process. The opposition has power to delay a project, which increases a lender's financial risk. Although banks may value the multi-stakeholder process, often their customers (i.e., the developer) do not. Also, the marketplace does not presently calculate the significance of the multi-stakeholder involvement process.

WHAT DOES THE FINANCIAL INSTITUTION EXPECT TO GET OUT OF THE BROWNFIELDS PROJECT?

For the bank, a good loan results in a profit, borrower goodwill and beneficial public relations in the community. Good redevelopment loans mean community visibility that leads to more business. Businesses need banks. Banks need a return on investment and the means to grow business. Brownfields is a component of a lender's broader real estate finance market.

A significant niche market for banks in brownfields lending has yet to emerge. However, under the recently enacted federal Financial Services Modernization Act, banks can now become equity partners in real estate development. This new law is a potentially powerful tool to galvanize brownfields redevelopment.

WHAT CONTRIBUTIONS AND STRENGTHS DOES THE FINANCIAL INSTITUTIONS BRING TO THE PROJECT?

Lenders (construction and development phase) finance the development, provide expertise and assist borrowers in evaluating liability, cost and risk. Lenders also provide a practical view in the formative stages of a project. They can serve as facilitators to help solidify planning, foster trust and confidence in the project. A lender's underwriting requirements provide impetus to a borrower in terms of successfully concluding environmental regulatory proceedings and any necessary corrective action.

NEEDS OF THE FINANCIAL INSTITUTION

Brownfield financing needs to be good business, low risk and provide a competitive return on the lender's investment.

LIMITATIONS ON OPERATIONS OR DECISIONS OF THE FINANCIAL INSTITUTION

The limitations to the lender are similar any other real estate lending transaction:

- Availability of funds
- Soundness of the loan from a business perspective
- Business realities that may apply at the time of the loan
- Bank policy
- State and federal rules and regulations
- Regulatory agency actions regarding environmental cleanup and compliance

On large projects, banks can overcome some of these limitations by sharing loans with other institutions through syndication. Other tools to overcome these limitations include escrow accounts, holdbacks, and milestone based progress payments. Variations in environmental regulations from state-to-state also cause uncertainties for lenders.

2 **STAKEHOLDER GROUP: *Real Estate Developer***

DESCRIPTION OF STAKEHOLDERS

This stakeholder is a private sector developer distinct from community development corporations and other public developers.

??These are companies that are entrepreneur driven.

??Developers usually specialize in what they build.

??Developers less likely to be interested in brownfields:

- single family housing specialists
- big office specialists

??Developers more likely to be interested in brownfields:

- multi-family housing specialists
- retail/commercial
- industrial
- brownfields specialists

Large corporations are less likely to develop brownfields because their profit center is in cookie cutter types of operations (i.e., replicating the product many times). Typically, brownfields are not cookie cutter. Often, entrepreneurial developers interested in brownfields are individuals or family owned businesses.

WHEN IS THE DEVELOPER INVOLVED?

Timing depends on who takes the initiative in the redevelopment project. Where the developer initiates the project and identifies the site, the developer is the first stakeholder involved and leads in the visioning stage.

Where the property owner or municipality initiates the project and vision, these parties issue a request for proposal (RFP). Typically, an RFP occurs in the feasibility study stage. The developer whose proposal succeeds becomes a key development stakeholder.

WHO DOES THE DEVELOPER RELY ON?

Principally, the developer relies on the professionals who create and design the development plan:

- ??Urban planner
- ??Architects
- ??Environmental consultants

Some developers have financial partners upon whom they rely. Others deal with several banks, on a per project basis, to obtain the best possible financing.

TO WHOM IS THE DEVELOPER ACCOUNTABLE?

Developer corporations are accountable to the Board of Directors, shareholders and financial partners.

KEY PERSONS IN THE DEVELOPER'S ORGANIZATION

Typically, the owner is the key person in the developer's organization. In larger or more complex organizations, key persons may include:

- ??Staff in charge of the development project
- ??Staff in charge of due diligence on the project
- ??Staff in charge of finance and financial aspects of the project
- ??Staff in charge of government affairs/relations
- ??Project manager responsible for local government approvals and construction oversight

WHO DOES THE DEVELOPER SEE AS OTHERS KEY STAKEHOLDERS?

- ??Municipal officials
- ??State and local agencies (especially if subsidies are involved)
- ??Lenders
- ??Community groups in proximity to the project

WHY IS THE DEVELOPER INVOLVED IN BROWNFIELDS REDEVELOPMENT?

Developers are in business to leverage the resources of others, add value to real estate, quickly capitalize on it and make a respectable profit. Urban redevelopers and brownfields redevelopers believe there is a higher risk/reward potential with brownfields sites. In general, urban developers derive greater satisfaction from riskier, more demanding and challenging brownfields work (compared to developing green fields).

DOES THE DEVELOPER VALUE THE MULTI-STAKEHOLDER PROCESS?

Generally, developers prefer projects involving fewer stakeholders and what is viewed as less outside interference. Experienced brownfields developers understand that community involvement is key to establishing local public support. Similarly, they value the multi-stakeholder process because they understand obstacles to and the complexities of urban redevelopment. However, they expect the stakeholder involvement process to proceed as quickly and smoothly as possible.

WHAT DOES THE DEVELOPER EXPECT TO GET OUT OF THE BROWNFIELDS PROJECT?

In addition to the benefits of operating a successful business and profits, the developer expects to derive satisfaction from contributing to the restoration and improvement of the urban environment.

WHAT CONTRIBUTIONS AND STRENGTHS DOES THE DEVELOPER BRING TO A PROJECT?

- ??High risk/high reward
- ??Project development expertise (initiation to completion) and experience
- ??Vision
- ??Economic realities
- ??Work products can include tax revenue and jobs
- ??Financial assets

WHAT DO DEVELOPERS NEED TO UNDERTAKE A BROWNFIELDS PROJECT?

Developers need:

- ??Strong political leadership;
- ??Cooperative state and local governmental agencies; and
- ??Solid information/data on local market conditions and issues.

LIMITATIONS ON OPERATIONS OR DECISIONS BY THE DEVELOPER

Developers are selective about redevelopment opportunities and projects. For experienced developers, financing is not usually a limitation. Limitations include:

- ??Community opposition
- ??City or local government opposition

Although industrial corporations have significant urban real estate holdings, they are not likely to either develop these areas or partner with a developer on a project. Generally, these companies are more likely to sell when assured that liabilities are both finite and manageable.

STAKEHOLDER GROUP: *Community Development Corporation*

DESCRIPTION OF STAKEHOLDER

Community Development Corporations (CDCs) and Community Based Development Organizations are titles for a wide variety of nonprofit organizations engaged in affordable housing, economic development, residential and commercial real estate development, workforce improvement and general rejuvenation of quality of life and physical fabric of their target areas. Some have specific geographic boundaries and may have a governance structure, which makes them accountable to residents of that geographic area.

There are over 12,000 of these organizations in the United States, including faith-based institutions. What distinguishes them from other nonprofit organizations is their utilization of private sector development techniques and financing mechanisms coupled with business partnerships and private sector investors to accomplish of their projects. Typically, they blend public subsidy, private contributions (from foundations and corporations) and private financing. Nationwide, eighty percent of these organizations do affordable housing while sixty percent engage in other activities.

WHEN ARE CDC'S INVOLVED?

Stakeholders from this group may be affected by development of a site in two ways: (a) the site is in a community plan facilitated by the CDC and whose implementation is overseen by the CDC; or (b) the site is designated, formally or informally, as a development opportunity for the CDC.

Organizations in this stakeholder group are similar. Size and track record are the major characteristics, which separate highly productive, experienced organizations from those with more modest accomplishments. Mature groups have highly professional staff and well-developed relationships with the private sector. Some CDCs are substantially supported by a local or national intermediary organization.

An intermediary is a funding source, which combines resources from a variety of private donors to provide general operating support and project funding to the CDCs. Three well-known and large national intermediaries are the Local Initiatives Support Corporation (LISC), the Enterprise Foundation and the federal Neighborhood Reinvestment Corporation.

WHO DOES THE CDC RELY ON?

CDCs rely on participation of the public and private sector for success in their endeavors. They may rely on one or two major private donors such as a local community foundation or church. Or, a pool of funds through an intermediary supports this stakeholder. CDCs depend on excellent working relationships with local elected officials and government. Community development and housing agencies also assist them in project development.

TO WHO IS THE CDC ACCOUNTABLE?

Like private sector developers, a CDC is accountable and constrained by the demands of its investors, even if they are philanthropic. The Board of Directors of the CDC is the official governance mechanism that controls or limits this stakeholder's activity.

KEY PERSONS IN THE CDC ORGANIZATION

Typically, the appropriate person to represent the CDC stakeholder in the brownfields process is the Chief Executive Officer (CEO) of the organization. The CEO involves other CDC staff and the board.

WHO DOES THE CDC SEE AS OTHER KEY STAKEHOLDERS?

Experienced CDCs have a very sophisticated understanding of the other stakeholders involved in the brownfields redevelopment. If they have a track record of acquiring sites from private owners and developing them, they understand the role and needs of the property owner disposing of the site, the developer, the financial institutions providing resources to the developer, and the various agencies of local government involved in the development process and regulation.

If they have been doing development in the same area as the brownfields site, the CDC will know and have good working relationships with relevant community leaders and residents and be involved with the nonprofit organizations, community businesses and property owners on and near the site. CDCs have skills to engage the community in the development process.

Unless CDCs are experienced in brownfields development, they are unlikely to be knowledgeable about federal and state environmental regulatory agencies or environmental groups that claim an interest in the site.

WHY IS THE CDC ENGAGED IN BROWNFIELDS REDEVELOPMENT?

The CDC engages in brownfields redevelopment to further a community plan and to expand the development portfolio of the organization. In some ways, a CDC is similar to a private developer and in other ways resembles a coalition of community leaders.

DOES THE CDC VALUE THE MULTI-STAKEHOLDER PROCESS?

CDCs will value the multi-stakeholder process and will have pursued a similar process in other real estate projects. However, depending on the project, some have experienced conflicts with residential communities similar to those a private developer encounters.

WHAT DOES THE CDC EXPECT TO GET OUT OF THE BROWNFIELD PROJECT?

The CDC expects to assume a key role in the development of the brownfields site either as the principal developer or as a joint venture partner. Often, a CDC's interests differ from those of other religious and nonprofit agencies since CDCs usually have an established corporate charter that guides their development agendas. CDCs expect to champion any community plan that incorporates use and disposition of the site.

WHAT CONTRIBUTIONS OR STRENGTHS DOES THE CDC BRING TO THE PROJECT?

The CDC brings to the multi-stakeholder development process a clear understanding of the development process and access to development financing for a site. They bring development expertise and a roster of development consultants such as architects, engineers and financial analysis.

Where a CDC has a track record, they have financial partners in the private business community, local and regionally. They have credibility with the public and private sector and with the community. CDCs can be translators and facilitators in a multi-stakeholder process.

NEEDS OF THE CDC

CDCs depend on conventional and private financing as well as governmental funding for projects. They aspire to expand their credibility and network of relationships as a result of participating in the process.

LIMITATIONS ON OPERATIONS OR DECISIONS OF THE CDC

CDCs are accountable to the entities that fund them as well as the Board of Directors.

STAKEHOLDER GROUP: *Environmental Justice Group, Community Leaders and Residents*

DESCRIPTION OF STAKEHOLDER

A diverse spectrum of people could be defined under the headings Environmental Justice Groups, Community Leaders and Residents including small business owners, workers, homeowners, tenants, teachers and students. Environmental Justice Groups, Community Leaders and Residents can also include heads of civic associations, civil rights and community based nonprofits, religious leaders and community grassroots groups.

Groups in this category can range from formally structured and cohesive with a unified leadership structure to grassroots organizations, coalitions and issue oriented ad hoc groups. Organizations and their agendas may emerge from community interests and can be comprised of groups based on, for example, ethnicity, income, mission, or age group.

In this category, the actors seek involvement as members of the community desirous of a role in brownfields planning involving sites that impact the neighborhood. Negatively affected by the brownfields stigma, the community seeks a meaningful role in the environmental cleanup and economic development decision-making. Their goal is to

engage in sustainable community development that will directly benefit those who have survived the blight and degradation usually associated with abandoned properties in neighborhoods.

WHEN ARE ENVIRONMENTAL JUSTICE GROUPS, COMMUNITY LEADERS AND RESIDENTS INVOLVED?

In some instances, federal, state and local laws and regulations mandate public participation through a formal process wherein communities can weigh in on decision making. Environmental justice communities contend, however, that largely these processes are flawed, favoring well-resourced and staffed groups to the detriment of grassroots participants, and often result in discriminatory outcomes.

Where no formal governmental process exists, when excluded from brownfields decisions and to combat deleterious land use decisions, communities deploy legal approaches, such as litigation, lobbying campaigns, political pressure and media strategies.

WHOM DO ENVIRONMENTAL JUSTICE GROUPS, COMMUNITY LEADERS AND RESIDENTS RELY ON?

A community's ability to rely on the integrity of records, data and information provided by other public and private sector stakeholders in the brownfields process is critical. Volunteers and staff (if any) are key.

TO WHOM ARE ENVIRONMENTAL JUSTICE GROUPS, COMMUNITY LEADERS AND RESIDENTS ACCOUNTABLE?

Community leaders are accountable to their membership base and constituencies.

KEY PERSONS IN THE ENVIRONMENTAL JUSTICE OR COMMUNITY ORGANIZATION

Community leaders and spokespersons are key in the neighborhood organizations. In established community groups, along with the Executive Director, directors and/or officers on the Board can represent the community. Religious leaders often spearhead faith-based community groups. In newly formed or unconventionally structured community groups, leadership can be less formalized.

WHO DO ENVIRONMENTAL JUSTICE GROUPS, COMMUNITY LEADERS AND RESIDENTS SEE AS OTHER KEY STAKEHOLDERS?

The degree to which this stakeholder group understands who the other stakeholder groups are and what they want depends on the sophistication and experience of the individuals who comprise it. Depending upon the level of expertise, technical assistance can benefit communities in terms of understanding the language of stakeholders involved in the process such as economic development, environmental restoration, project design and sustainable options.

Historical neighborhood disinvestments, urban/rural blight, disenfranchisement and exclusion from environmental and development decisions has produced the view in many communities that, while essential to the decision process, public and private sector

stakeholders and developers are untrustworthy and unreliable. Elected officials and environmental groups with relevant expertise are considered stakeholders that are supplemental to the community.

WHY ARE ENVIRONMENTAL JUSTICE GROUPS, COMMUNITY LEADERS AND RESIDENTS INVOLVED IN BROWNFIELDS REDEVELOPMENT?

This stakeholder group engages in brownfields redevelopment to protect community interests in achieving redevelopment that meet neighborhood needs which may include environmental cleanup, sustainable enterprises, recreational and neighborhood amenities, economic opportunities, and improved quality of life.

Communities are also interested in strong regulatory controls and vigilant government monitoring and enforcement. Increasingly, post-redevelopment gentrification that affects residents and small business owners is a major concern.

DO ENVIRONMENTAL JUSTICE GROUPS, COMMUNITY LEADERS AND RESIDENTS VALUE THE MULTI-STAKEHOLDER PROCESS?

In general, this stakeholder group values the multi-stakeholder process because it is an avenue through which they can influence redevelopment. These stakeholders are motivated by positive impacts on the community, sound design, a project that contributes aesthetics, meets needs, and increases property values. Benefits might include jobs, retail, medical services, recreational amenities, affordable housing and transportation.

WHAT CONTRIBUTIONS AND STRENGTHS DO ENVIRONMENTAL JUSTICE GROUPS, COMMUNITY LEADERS AND RESIDENTS BRING TO A PROJECT?

These stakeholders bring to the process community values, culture and an informative understanding of community needs. Often, communities have an in-depth knowledge of the previous utilization of the brownfields site, which can aid in the development decision and cleanup process.

The community can provide history, define issues and highlight cultural and religious significance. In addition, communities can bring unconventional perspectives that positively influence decisions. Equally important, members of the community might also be trained professionals with relevant expertise such as attorneys, scientists, physicians, nurses and business owners.

WHAT TO ENVIRONMENTAL JUSTICE GROUPS, COMMUNITY LEADERS AND RESIDENTS EXPECT TO GET OUT OF THE BROWNFIELDS PROJECT?

These stakeholders seek opportunities to become involved in decisions that affect them. An open, transparent, structured consensus process that is responsive to community schedules facilitates community involvement. Funding is a key ingredient of continuous community involvement. Other resources are needed to support community involvement, for example, capacity building that enhances their ability to be productively involved with other stakeholders in decisions concerning the project.

Depending on community needs, communities may be seeking a range of outcomes or a combination of them including, for example, economic development, open space, parks, affordable housing, employment, retail businesses, transportation, schools and recreational amenities. Usually, communities are problem solving, weighing viable approaches, focused on examining a range of sustainable options to redress blight and long-term neighborhood under-investments, environmental health and governmental accountability.

WHAT DO ENVIRONMENTAL JUSTICE GROUPS, COMMUNITY LEADERS AND RESIDENTS NEED TO UNDERTAKE BROWNFIELDS REDEVELOPMENT?

Capacity building assistance can facilitate a community's ability to participate in a brownfields redevelopment process on an ongoing basis. Depending on a community's needs, capacity building can be defined as the range of activities essential to helping prepare a community to engage in brownfields decision-making. Circumstances vary community-by-community. Therefore, optimally, communities self-identify their capacity building needs.

In general, however, capacity building can involve one or more of (but is not limited to) the following measures: funding and resources; staffing; education; environmental and economic development training; training on property reuse, planning and design issues; historical research; technical and legal expertise; regular project monitoring and status reports. Activists in this stakeholder group are active, visible and communicate with their constituencies. They need to be involved at the earliest stages of the brownfields project.

LIMITATIONS ON OPERATIONS OR DECISIONS BY ENVIRONMENTAL JUSTICE GROUPS, COMMUNITY LEADERS AND RESIDENTS

Limitations on decisions by these stakeholders, of the most significance, relate to the relative importance that other redevelopment stakeholders attach to community involvement in brownfields projects. In many cases, other stakeholders involve communities only under duress such as when lawsuits are filed, when they engage in highly visible protest actions to challenge the redevelopment project, and when elected officials are targeted.

5 **STAKEHOLDER GROUP: *Environmental Organization***

DESCRIPTIONS OF STAKEHOLDER

The environmental group stakeholder has a mission to protect natural resources and the environment. They work on wildlife conservation, biodiversity, ecosystem and watershed protection, environmental pollution, parks, open space, and smart growth.

When incorporated, these organizations are usually nonprofits and can range anywhere from small, local groups staffed by volunteers to fully staffed organizations working on statewide and regional issues and large national membership or issue-based institutions.

WHEN IS THE ENVIRONMENTAL GROUP INVOLVED?

Depending upon the organization's mission, environmental groups become involved when threats are posed by governmental or corporate decisions on issues that affect wildlife, biodiversity, ecosystems and watersheds, environmental cleanup or contamination, parks, open space, and smart growth.

WHO DOES THE ENVIRONMENTAL GROUP RELY ON?

Environmental groups rely on staff, constituencies, communities, civic and homeowner associations, individuals and government agencies.

TO WHOM IS THE ENVIRONMENTAL GROUP ACCOUNTABLE?

The leadership of and the environmental group are accountable to the Board of Directors, contributors and communities in its constituency.

KEY PERSONS IN THE ENVIRONMENTAL GROUP

The Executive Director, management and technical staff, and the board are key persons in the environmental group.

WHO DOES THE ENVIRONMENTAL GROUP SEE AS OTHER KEY STAKEHOLDERS?

In terms of brownfields projects, other key stakeholders are government decision-makers, elected officials, civic and community organizations, community residents, property owners, developers, lenders.

WHY IS THE ENVIRONMENTAL GROUP INVOLVED IN BROWNFIELDS REDEVELOPMENT

Typically, an environmental group becomes involved in brownfields redevelopment when they detect the potential for environmental degradation. For one or more of (but not limited to) the following reasons they may view the project as harmful.

1. The project is environmentally damaging or damage could be significant.
2. The project promotes sprawl and encroaches on open space or parkland.
3. The project is inconsistent with smart growth objectives.
4. There are too many environmentally damaging projects in the area.
5. The cleanup would not ensure safety or public health.
6. Wildlife or water bodies could be harmed by the project.

WHY IS THE ENVIRONMENTAL GROUP INVOLVED IN BROWNFIELDS REDEVELOPMENT?

An environmental organization participates in brownfields redevelopment to promote its interests in pollution cleanup, ecosystems and wildlife, and environmental protection. Generally, they are interested in strong regulatory controls, vigilant government monitoring and enforcement.

DOES THE ENVIRONMENTAL GROUP VALUE THE MULTI-STAKEHOLDER PROCESS?

Environmental groups value the multi-stakeholder involvement process when it provides a clear role in redevelopment decisions, promotes public participation and facilitates access to relevant data, information and key decision makers.

WHAT DOES THE ENVIRONMENTAL GROUP EXPECT TO GET OUT OF THE BROWNFIELDS PROJECT?

Environmental groups expect governmental accountability, public participation in an open, accessible decision process, safe and effective environmental cleanup, and sustainable development.

WHAT CONTRIBUTIONS AND STRENGTHS DOES THE ENVIRONMENTAL GROUP BRING TO THE PROJECT?

An environmental organization can be expert at working governmental agencies and legislatures. Often, this stakeholder group has multidisciplinary technical, legal and media resources and staff including analytical and research capabilities and, if opposed, the option of filing lawsuits to challenge the redevelopment. If a project is deemed environmentally sound, they can deploy those resources to support redevelopment.

WHAT DOES THE ENVIRONMENTAL GROUP NEED TO UNDERTAKE BROWNFIELDS REDEVELOPMENT?

Financial, technical and legal resources are important ingredients in an environmental group's involvement in brownfields redevelopment. Environmental groups put pressure on government and corporate stakeholders to address environmental concerns.

LIMITATIONS ON OPERATIONS OR DECISIONS OF THE ENVIRONMENTAL GROUP

Nonprofit environmental groups are accountable to and decisions are guided and constrained by U.S. Internal Revenue Service (I.R.S.) Section 501 provisions, the corporate charter, the organizational mission, key constituencies, members, contributors, management and the Board of Directors.

6 **STAKEHOLDER GROUP:** *Nonprofit Group and Faith-Based Institution*

DESCRIPTION OF STAKEHOLDER

Nonprofit groups located in the community are likely to be housed in facilities in close proximity to the brownfields site and serve constituencies in the area. Typically, faith-based (or religious) institutions are located in the brownfields community (e.g., mosques, churches, synagogues, temples) as well.

Examples of nonprofits include health and educational organizations such as the neighborhood-learning center and day care facility, primary care and outpatient clinics, and chapters of national groups such as the American Heart Association and the American Lung Association. Nonprofits are also social service organizations such as the local family development center or homeless feeding program. Cultural activities are covered, for example, community theaters and arts councils. Nonprofits can be broadly focused or serve specified ethnic groups, children, families and senior citizens.

WHAT ARE THE NEEDS OF THE NONPROFIT GROUP AND THE FAITH BASED INSTITUTION?

Nonprofits focus on their operations and facilities, protecting their financial and legal interests and preventing disruption of services delivery. Concerns about a brownfields project could include impacts on the service population and disruptions during redevelopment construction. Faith-based institutions have similar concerns and, in the tradition of the Civil Rights Movement, may be the first to become involved if congregants are active in the community and aware of redevelopment plans.

Nonprofits whose staff live and work in the community may also be among those aware early about the redevelopment project. However, if the community is not the principal driver, whether people in the neighborhood are aware is largely contingent upon whether and how broadly information about the project is publicly shared.

Since nonprofits and faith groups are active, visible, communicate with and provide services to key constituencies, they need to be involved at the earliest stages of the brownfields project. Education and training about brownfields revitalization and technical support could improve the capacity of these stakeholders to participate in the redevelopment.

Who Does The Non-Profit Group And The Faith-Based Institution Rely On?

Nonprofits and faith-based groups rely on staff and volunteers. Some have active members outside the community and members with specialized skills, such as public relations, financial management and the law. Chapters of national organizations and religious denominations, such as the African Methodist Episcopal Church, the Roman Catholic Church, United Way, and Boys and Girls Clubs of America, rely on the umbrella organization for expertise, financial support and direction.

To Whom Is The Non-Profit Group And The Faith-Based Institution Accountable?

Accountability varies widely among religious and nonprofit organizations. Structure often defines lines of accountability. Lines of accountability depend on whether, for example, the institution has a Board of Directors or is employee-directed; whether it has a local advisory board; if the group belongs to umbrella or parent regional or national organization; and whether there are formal communications channels for soliciting input and advice from the local community. In some instances, there is accountability to institutions that provide resources and service to the nonprofit or faith-based group.

Generally, nonprofits are accountable to and decisions are guided and constrained by U.S. Internal Revenue Service (I.R.S.) Section 501 provisions, the corporate charter, the organizational mission, key constituencies, contributors, management, the Board of Directors, and the extent of available financial resources and staffing levels.

KEY PERSONS IN THE NONPROFIT GROUP AND THE FAITH-BASED INSTITUTION

The on-site staff director and senior staff comprise the key decision-makers in the nonprofit stakeholder group. Often, prominent community leaders serve on the boards. Depending on the structure of the organizations, governmental agencies may have a role in decisions. In the faith-based context, the local minister, priest, rabbi, and imam are central figures in both the congregation and the broader community. In general, faith-based and nonprofit groups view donors, members and clients as essential.

WHO DO THE NONPROFIT GROUP AND THE FAITH-BASED INSTITUTION SEE AS OTHER STAKEHOLDERS?

Religious and nonprofit organizations are likely to view other community organizations as allies. They view the property owner, the developer and government agencies as significant in the redevelopment process. Since often they own land, these stakeholders

are likely to identify with community businesses and property owners in the neighborhood.

WHY IS THE NONPROFIT GROUP AND THE FAITH-BASED INSTITUTION INVOLVED IN BROWNFIELDS REDEVELOPMENT?

Faith-based and nonprofit institutions view a brownfields project in terms of improving the value of their facilities, providing opportunities for their congregants, clients and members, and contributing to enhanced quality of life in the community.

DOES THE NONPROFIT GROUP AND THE FAITH-BASED INSTITUTION VALUE THE MULTI-STAKEHOLDER PROCESS?

Nonprofits and faith-based groups value the multi-stakeholder process when it helps them articulate their issues and address them. Insofar as these nonprofits and faith-based groups can provide a base from which members, clients and congregants participate in decisions and serve as community leaders, these stakeholders will value the process and share expertise developed via involvement in other problem solving and planning processes. Increasingly, nonprofits are using their own multi-stakeholder processes to create and plan programs.

WHAT DO THE NONPROFIT GROUP AND THE FAITH-BASED INSTITUTION EXPECT TO GET OUT OF THE BROWNFIELDS PROJECT?

These stakeholders expect a clear, understandable decision-making process and opportunities to protect their interests. Their goals are tied to the organization's mission. These stakeholders also seek benefits from involvement in the project ranging from expanding memberships, enhancing revenue streams (e.g., donations), and increasing client services to improving the neighborhood, and elevating property values.

WHAT CONTRIBUTIONS AND STRENGTHS DO THE NONPROFIT GROUP AND THE FAITH-BASED INSTITUTION BRING TO THE PROJECT?

Typically, these stakeholders have assembled community networks and are skilled at communicating and organizing through them. Some have financial, legal and other specialized expertise on their staff or boards.

LIMITATIONS ON OPERATIONS OR DECISIONS BY THE NONPROFIT GROUP AND THE FAITH-BASED INSTITUTION

Nonprofits are accountable to and decisions are guided and constrained by U.S. Internal Revenue Service (I.R.S.) Section 501 provisions, the corporate charter, the organizational mission, key constituencies, members, contributors, management and the Board of Directors, the extent of available financial resources and staffing levels.

7 **STAKEHOLDER GROUP:** *Community Businesses & Property Owners On or Near the Brownfields Site*

DESCRIPTION OF STAKEHOLDER

This stakeholder group is comprised of community businesses and property owners located in the brownfields redevelopment area and those in close proximity that would be affected by the project. Property ownership can be individual, partnership or corporate. If the property owner is a landlord, the tenants will have their own interests. Businesses vary by size, type, manufacturing, retail, etc. Businesses can be private sector, public sector or not-for-profit.

Rather than single-family residential property owners,³ this group refers to community property owners and businesses whose locations may (or may not) be environmentally contaminated or whose property values are diminished due proximity to the contamination.

WHAT ARE THE NEEDS OF THE COMMUNITY BUSINESS AND PROPERTY OWNER?

Local property owners are focused on protecting their financial and legal interests, avoiding actions that risk assets or result in exposure to uncontrolled and unanticipated costs, liability or adverse publicity.

Community businesses are focused on operations, generating revenues, protecting their financial and legal interests and avoiding actions that risk assets or result in exposure to uncontrolled and unanticipated costs, liability or adverse publicity

WHEN IS THE COMMUNITY BUSINESS AND PROPERTY OWNER INVOLVED?

Community businesses and property owners in the brownfields area become involved in the redevelopment process when their legal and financial interests are implicated.

WHO DOES THE COMMUNITY BUSINESS AND PROPERTY OWNER RELY ON?

Property owners may rely on a range of specialized professionals including attorneys, accountants, environmental and public relations consultants and property managers. To some extent, they may rely on elected officials and locally based trade associations that represent property owners.

Local business owners rely on a range of specialized professionals including attorneys, accountants, environmental and public relations consultants and business managers. To some extent, they may rely on elected officials and locally based trade groups such as the Chamber of Commerce.

³ Another stakeholder group with similar interests

TO WHOM IS THE COMMUNITY BUSINESS AND PROPERTY OWNER ACCOUNTABLE?

Some property owners are responsible to boards and shareholders. In other cases, ownership is held by partners and/or one or more individuals. Local businesses can be similarly situated.

KEY PERSONS IN THE COMMUNITY BUSINESS AND PROPERTY OWNER ORGANIZATIONS

The property owner and, if any, the corporate officers are key persons in this stakeholder group.

Business owners, corporate officers and business managers are key persons in this stakeholder group.

WHO DO THE COMMUNITY BUSINESS AND PROPERTY OWNER SEE AS OTHER KEY STAKEHOLDERS?

Other key stakeholders are business neighbors, nearby property owners, prominent community groups, civic associations, regulatory agencies, government decision-makers and lenders.

WHY ARE THE COMMUNITY BUSINESS AND PROPERTY OWNER INVOLVED IN BROWNFIELDS REDEVELOPMENT?

Property owners are attracted to a brownfields project by profit potential, infrastructure improvements and increased real estate values that can result from projects. They are also interested in reducing the stigma associated with brownfields.

Local businesses view a redevelopment project in terms of improving property and business values, generating business and reducing the stigma associated with brownfields.

WHY ARE THE COMMUNITY BUSINESS AND PROPERTY OWNER INVOLVED IN BROWNFIELDS REDEVELOPMENT?

Property owners view brownfields redevelopment as an opportunity to increase profit potential, improve infrastructure and raise real estate values. They are also interested in reducing the stigma associated with brownfields.

Community businesses view redevelopment as an opportunity to improve property and business values, generate business and reduce the stigma associated with brownfields.

DO THE COMMUNITY BUSINESS AND PROPERTY OWNER VALUE THE MULTI-STAKEHOLDER PROCESS?

Business and property owners are concerned about issues such as access to their location, aesthetics and amenities that make the area attractive to customers. In view of the interests of many property owners in an expedited decision process and perspectives on community involvement, they may be suspicious that community activists will attempt to limit full utilization of their property. Also, differing from a consensus an effective multi-stakeholder involvement process, this stakeholder group may be accustomed to a formal, top-down executive decision-making model.

WHAT DO THE COMMUNITY BUSINESS AND PROPERTY OWNER EXPECT TO GET OUT OF THE BROWNFIELDS PROJECT?

Business and property owners expect a clear, understandable and expedited brownfields decision process. They are concerned about and view the process as a means to effectively resolve issues of liability, contamination cleanup, planning and implementation that achieves economic revitalization of the brownfield.

WHAT CONTRIBUTIONS AND STRENGTHS DO THE COMMUNITY BUSINESS AND PROPERTY OWNER BRING TO THE PROJECT?

This stakeholder group has legal control and rights related to their properties and what activities will occur on them. Where a financial stake exists, they have the ability to provide support that is crucial to the success of a project. If well established and profitable, they can deploy legal, political and technical resources either in support of or opposition to the brownfields project.

WHAT DO THE COMMUNITY BUSINESS AND PROPERTY OWNER NEED TO UNDERTAKE BROWNFIELDS REDEVLEOPMENT?

Property owners and local business need to be engaged by communities and other stakeholders in a way that creates an opportunity for them to make a positive contribution in the brownfields redevelopment process. Generally, this stakeholder group wants to assume a key role in decisions but needs to realize a benefit from the redevelopment process.

LIMITATIONS ON OPERATIONS OR DECISIONS BY THE COMMUNITY BUSINESS AND PROPERTY OWNER

Governmental regulations, zoning and lenders can limit a property owner's decisions. They must also be responsive to tenants' interests in the property. Community and public goodwill and reputation may be considered assets that constrain or guide decisions. Financial interests, profitability and return on investment are key factors in decisions. These factors can be a challenge in negotiations with other stakeholders.

Business owners are focused on responding to and retaining clients and customers. The nature of the business, governmental regulations, zoning, lenders and property owners (if not owned by the business) can limit decisions. Community and public goodwill and reputation may be considered assets that constrain or guide decisions. Financial interests, profitability and return on investment are key factors in decisions. These factors can be a challenge in negotiations with other stakeholders.

STAKEHOLDER GROUP: *Property Owner Disposing of a Site*

DESCRIPTION OF STAKEHOLDER

Property Owners Disposing of a Site are not monolithic when dealing with brownfields that might require cleanup as part of redevelopment. In general, however, there are commonalities. Current property owners can be individuals, partners, corporations and people living in the community who own one site or more sites locally and elsewhere.

One consequence of this level of diversity is that those within this stakeholder group have varying rationales and often adopt different strategies in terms of handling excess properties.

For example, mergers, acquisitions, and economic conditions can result in property changing hands. Some property owners have a small number of properties. Others have excess real estate. Properties could, for business reasons, be a skeletal operation, idled or closed. Possession of a property may be due to bankruptcy, divorce or inheritance. The potential for involvement in corrective action is significant because an owner's interest in selling or redeveloping a property can be driven by the perception of their corrective action liability.

Similarly, this stakeholder group is not monolithic about their views on multi-stakeholder involvement in brownfields redevelopment. Increasingly, however, many recognize redevelopment as a viable alternative that enhances the value of disposing of underutilized properties stigmatized by an environmental condition.

WHEN IS THE PROPERTY OWNER DISPOSING OF THE SITE INVOLVED?

Usually, a Property Owner Disposing of the Site is involved in the early stages of a redevelopment project. This stakeholder group's involvement may be limited or broad depending on what the objectives of the project are and the drivers for the redevelopment and/or sale of the property. In some cases, the property owner initiates the redevelopment project and provides an organizing and leadership role in moving forward on it.

The owner could be solely interested in selling or transferring ownership and limit involvement in the decision process to the transactional and planning stages. In other cases, where the owner is potentially the party responsible for environmental corrective action, involvement could carry forward through transactional and planning stages to project implementation (e.g., construction) and beyond (i.e., long-term engineering and institutional controls).

WHO DOES THE PROPERTY OWNER DISPOSING OF THE SITE RELY ON?

This stakeholder group relies on other stakeholders in the brownfields redevelopment process several of which are critical. These are:

- ?? Federal, state and local environmental regulatory agencies, which define corrective action and approve the remedial action plan and its implementation. Property owners depend on regulatory agencies to serve as honest brokers in the brownfields redevelopment process to help ensure that the appropriate parties are at the decision table and properly prepared to provide input. Regulatory authorities can help by information sharing and explaining environmental regulatory processes, creating flexible ways to incorporate redevelopment, and determining liabilities.
- ?? Presumed Responsible Parties that could be responsible for the corrective action to be conducted on the brownfields site. Willingness to participate in the multi-stakeholder involvement process and support the redevelopment is a significant factor.

- ?? Community support enhances the property owner's ability to secure environmental permits and other approvals that underpin moving forward with the redevelopment.

TO WHOM IS THE PROPERTY OWNER DISPOSING OF THE SITE ACCOUNTABLE?

Accountability is a variable. Large companies can consist of highly bureaucratic structures, which distribute and prioritize layers of decision-making authority, for example, mid-level managers and corporate executives. Decision making authority in smaller companies may be limited to one or a few individuals.

Individuals or entities that define the financial, legal, regulatory and public perception expectations for a site include:

- ?? Owners;
- ?? Shareholders and Boards of Directors;
- ?? Senior management;
- ?? Creditors;
- ?? Environmental and other federal, state or local regulators.

Accountability to the community occurs in the event of legal agreements such as when remedial action plans incorporate long-term institutional or engineering controls.

KEY PERSONS IN THE ORGANIZATION OF THE PROPERTY OWNER DISPOSING OF THE SITE

Key persons include:

- ?? financial - individuals with required financial authority (e.g., owner, chief financial officer, and senior management)
- ?? legal – in-house corporate attorney, environmental attorney, real estate attorney
- ?? environmental - project manager and senior management responsible for environmental activities

WHO DOES THE PROPERTY OWNER DISPOSING OF THE SITE SEE AS OTHER KEY STAKEHOLDERS?

Key stakeholders include:

- ?? Parties presumed responsible for corrective action
- ?? Federal, state and local regulatory bodies that oversee corrective action
- ?? Financial institutions
- ?? Community leaders and residents

WHY IS THE PROPERTY OWNER DISPOSING OF THE SITE ENGAGED IN BROWNFIELDS REDEVELOPMENT?

This stakeholder group engages in brownfields redevelopment for varying reasons including:

- ?? Property owners want to sell or transfer ownership of excess properties and, therefore, promote redevelopment;
- ?? Property owners are approached by developers or agencies that want reuse the underutilized sites;
- ?? Property owners want to eradicate liability and view brownfields redevelopment as a means to achieving it; and
- ?? Property owners want to add value to underutilized assets.

DOES THE PROPERTY OWNER DISPOSING OF THE SITE VALUE THE MULTI-STAKEHOLDER PROCESS?

This stakeholder group is realistic about the role in multi-stakeholder brownfields redevelopment decision processes and engages when there is a clear benefit. Although they may value the opinions and support from other stakeholders in the process, a culture surrounding contaminated sites has emerged that labels property owners as bad actors. This label can inhibit engagement in multi-stakeholder processes as a result of their apprehensions about unwarranted or exaggerated criticisms.

This stakeholder group contains public companies whose stock values are affected by company news. They may want to avoid negative exposure and are careful about participating in processes where critical media coverage could occur. Increasingly, however, these property owners recognize the importance of broad stakeholder support in terms of achieving their goals and are participating.

WHAT DOES THE PROPERTY OWNER DISPOSING OF THE SITE EXPECT TO GET OUT OF THE BROWNFIELDS PROJECT?

This stakeholder group expects to achieve a range of objectives including:

- ?? generating value from an otherwise underutilized or stigmatized site;
- ?? disposing of a property that is no longer core to the business;
- ?? maintaining a positive corporate reputation; and
- ?? protecting against long-term liability.

WHAT CONTRIBUTIONS AND STRENGTHS DOES THE PROPERTY OWNER DISPOSING OF THE SITE BRING TO A PROJECT?

Obviously, this stakeholder group brings the land to the redevelopment project. Cooperation and involvement of this property owner will simplify the process. For example, a property owner who opposes a project can stymie redevelopment by making it complex, difficult, time-consuming and expensive. Large corporate property owners can contribute major resources and expertise to the project as well as dollars.

NEEDS OF THE PROPERTY OWNER DISPOSING OF THE SITE

The Property Owner Disposing of a Site needs to be engaged by stakeholders in a manner that creates opportunity for them to achieve their objectives and contribute to the brownfields redevelopment process. They need to be supported in efforts to address environmental conditions, eliminate potential exposure and return properties to productive use.

This stakeholder needs partners, for example, public agencies interested in promoting redevelopment that have resources to finance infrastructure and site development issues separate from corrective action. Regulatory agencies can help educate other stakeholders and help communicate risk issues related to redevelopment. Federal and state agencies can assist by creating legal and other mechanisms that encourage redevelopment by limiting liabilities.

LIMITATIONS ON OPERATIONS OR DECISIONS BY THE PROPERTY OWNER DISPOSING OF THE SITE

This stakeholder could be limited by:

- ?? bureaucracy of their internal decision making process
- ?? internal budgets and annual cash flow;
- ?? fear of losing control;
- ?? lack of understanding about the intricacies of multi-stakeholder processes and the needs of local communities; and
- ?? regulatory requirements and policies that constrain flexibility.

STAKEHOLDER GROUP: *Presumed Responsible Party*

DESCRIPTION OF STAKEHOLDER

Presumed Responsible Parties (presumed to be liable for corrective action) are not monolithic when it comes to decisions at brownfields redevelopment sites that might require environmental cleanup. Also, due to mergers, acquisitions, changes in corporate structures over time, and the general economy, a Presumed Responsible Party can be one or a combination of a variety of entities. These entities could include ones that had or currently have:

- ?? a fee or lease interest in the site but no interest in the current or former operations on the site;
- ?? a fee or lease interest in the site and an interest in the current or former operations on the site;
- ?? operated or are currently operating a business on the site;
- ?? assumed control of the site due to bankruptcies, foreclosures, estate probates, delinquent taxes, and other forms of involuntary ownership; or
- ?? shipped materials to the site that are identified as a potential source of the environmental condition of the site.

Liability confers environmental corrective action responsibility on a party. Usually, laws and regulations establish legal liability for such corrective action (federal, state and local). In some cases, law limits liability by mandatory indemnity or by a transfer of liability through cost-sharing devices incorporated into contractual agreements (e.g., associated with sale or lease of the brownfields site).

Even where liability is clear, a responsible party may be unable to clean up a contaminated brownfields site, for example, due to insolvency or when the regulatory agency is unable to locate the responsible party due to dissolution of the corporate entity

or death of the party that owned the site. As a result, responsibility for corrective action can shift to others who owned the site or contributed to environmental conditions there.

A Presumed Responsible Party will focus on addressing potential liability and regulatory obligations, cost effective and timely solutions, and protection against re-opener claims where previously undiscovered or ineffective remedial action results in new corrective action costs or third party claims.

This stakeholder has begun to realize that brownfields redevelopment and the multi-stakeholder process is a viable alternative for achieving their goals. However, many also continue to be concerned that brownfields redevelopment and the multi-stakeholder process could increase potential costs and liabilities due to the type of desired use, which can result from these approaches.

Outside expertise could be hired to provide or augment the knowledge of this stakeholder. Experts work on behalf of but do not generally have authority to act for the Party. Other stakeholders may view outside experts as an impediment to redevelopment efforts and multi-stakeholder involvement.

WHEN IS THE PRESUMED RESPONSIBLE PARTY INVOLVED?

A Presumed Responsible Party is involved whenever there is potential liability. This stakeholder's involvement focuses on remedial action and long-term liabilities associated with the redevelopment from early stages of the process to decisions on future use. A designated land use, for example, can substantially change the extent and costs of the remedial action. Land use decisions can significantly impact willingness to contribute to and participate in redevelopment efforts.

WHO DOES THE PRESUMED RESPONSIBLE PARTY RELY ON?

Commonly, a corporate Presumed Responsible Party relies on in-house expertise supplemented by outside consultants. Small companies, individuals and other non-corporate parties that have limited in-house expertise rely more on outside consultants. Experts, for example, can include the following disciplines:

- ?? Legal – Environmental attorneys identify potential liability issues and regulatory requirements and negotiate agreements with other parties and stakeholders. Legal issues can be substantial drivers of remedial action decisions.
- ?? Environmental – In this arena, a key driver is the environmental condition of the property and the extent of remedial action. Environmental experts assist with characterizing conditions, evaluating the impact of the planned redevelopment, designing and implementing remedial action.
- ?? Real Estate – Real estate experts, including attorneys, help with negotiating deals or transactions such as the sale, lease or transfer of the brownfields site.
- ?? Public and Governmental Relations – Public and governmental relations experts support governmental, community and other stakeholder relations.
- ?? Management – Senior management constitutes the decision-making authority over corrective action at the site.
- ?? Regulatory Agencies – Environmental regulators approve characterization and final remedial action plans. As honest brokers in the brownfields redevelopment process, they can help ensure that the appropriate parties are at the table and

properly prepared to provide input. Regulators can be helpful with regard to communications and education; funding; explaining the regulatory process; creating flexible ways to incorporate redevelopment; and defining liabilities.

TO WHOM IS THE PRESUMED RESPONSIBLE PARTY ACCOUNTABLE?

Accountability is a variable. Larger companies can consist of highly bureaucratic structures that distribute and prioritize layers of decision-making authority, for example, mid-level managers and corporate executives. Decision making authority in smaller companies could be limited to one or a few individuals.

Individuals or entities that define the financial, legal, regulatory and public perception expectations for a site include:

- ?Owners;
- ?Shareholders and the Board of Directors;
- ?Senior management;
- ?Creditors;
- ?Environmental and other federal, state or local regulators.

Accountability to the community occurs in the event of legal agreements such as when remedial action plans incorporate long-term institutional or engineering controls.

KEY PERSONS IN THE PRESUMED RESPONSIBLE PARTY'S ORGANIZATION

Key persons include:

- ?? financial - individuals with required financial authority (e.g., owner, chief financial officer, senior management)
- ?? legal - corporate counsel, environmental attorney, real estate attorney
- ?? environmental - project manager and senior management responsible for environmental activities

WHO DOES THE PRESUMED RESPONSIBLE PARTY SEE AS OTHER KEY STAKEHOLDERS?

Key stakeholders include:

- ?? Other Presumed Responsible Parties
- ?? Federal, state and local regulatory bodies who oversee corrective action
- ?? Property owners
- ?? Community leaders and residents

WHY IS A PRESUMED RESPONSIBLE PARTY ENGAGED IN BROWNFIELDS REDEVELOPMENT?

A Presumed Responsible Party is engaged in brownfields redevelopment to achieve several key objectives:

- ?? closure on corrective action;
- ?? compliance with federal, state and local regulatory requirements;
- ?? minimizing cost and time to conduct corrective action;
- ?? management of potential short-term and long-term liability;

- ?? corporate reputation; and
- ?? protection against re-opener claims where previously undiscovered or failed remedial actions can result in future corrective action costs or third party claims.

DOES A PRESUMED RESPONSIBLE PARTY VALUE THE MULTI-STAKEHOLDER PROCESS?

This stakeholder is realistic about multi-stakeholder involvement in brownfields redevelopment decision processes and engages when there is a clear benefit. Although the Party may value the opinions and support from other stakeholders in the process, a culture surrounding contaminated sites has emerged that labels those responsible as bad actors. This label can inhibit engagement in multi-stakeholder processes as a result of apprehensions about criticisms.

Since many Presumed Responsible Parties are public companies whose stock values are affected by company news, they may want to avoid negative exposure and are careful about participating in processes where critical media coverage could occur. Increasingly, however, they recognize the importance of broad stakeholder support in terms of achieving their goals.

WHAT DOES A PRESUMED RESPONSIBLE PARTY EXPECT TO GET OUT OF THE BROWNFIELDS PROJECT?

Presumed Responsible Parties are focused on achieving key objectives (see above) and expect the greatest benefit in the following areas:

- ?? closure on corrective action;
- ?? minimizing cost and time to conduct corrective action; and
- ?? maintaining (or restoring) a salutary corporate reputation.

WHAT CONTRIBUTIONS AND STRENGTHS DOES A PRESUMED RESPONSIBLE PARTY BRING TO A PROJECT?

A Presumed Responsible Party could have sufficient (or partial) resources to implement environmental corrective action and can provide significant expertise, through internal resources or hired consultants, to address the level of corrective action essential to promoting the redevelopment.

NEEDS OF THE PRESUMED RESPONSIBLE PARTY

This stakeholder needs to be engaged by other stakeholders in a manner that creates opportunity for them to achieve their objectives and contribute to the brownfields redevelopment process. Responsible parties look for support in efforts to address environmental conditions, eliminate potential exposure and return properties to productive use.

These stakeholders also need partners, for example, public agencies interested in promoting redevelopment that have resources to finance infrastructure and site development separate from corrective action. Regulatory agencies can help educate other stakeholders and help communicate risk issues related to redevelopment. Federal and

state agencies can assist by creating legal and other mechanisms that encourage redevelopment by limiting liabilities.

LIMITATIONS ON OPERATIONS OR DECISIONS OF THE PRESUMED RESPONSIBLE PARTY

A Presumed Responsible Party may be limited by:

- ?? bureaucracy of their internal decision making process;
- ?? internal budgets and annual cash flow;
- ?? fear of losing control of the corrective action process;
- ?? lack of understanding about the intricacies of multi-stakeholder processes and the needs of local communities; and
- ?? regulatory requirements and policies that constrain flexibility and impose significant compliance costs (compared to expending those dollars on redevelopment or local needs).

10 **STAKEHOLDER GROUP:** *State Environmental Regulatory Agency*

DESCRIPTION OF STAKEHOLDER

The primary state government stakeholder is the environmental agency responsible for carrying out the state's voluntary cleanup program that focuses on brownfields sites. This agency (e.g., department of natural resources, environmental protection agency, state Superfund cleanup program) is the central link between a site owner, the developer and the regulatory process. This state agency is on the front line at brownfields sites to ensure that health and environmental conditions are monitored, remedies are effective, and institutional controls are properly and effectively maintained.

State response programs are poised to take on an even greater role, because of the new responsibilities (and funding) created by enactment of the federal Brownfields Revitalization Act. Other state government stakeholders include agencies and offices whose agenda, encouraging economic or community development, will be affected by the environmental overlay of brownfields. Depending on the state and the distribution of functional responsibilities, these agencies include such entities as state development agencies, industrial finance agencies, state marketing and industrial recruitment offices, and housing finance agencies.

WHEN IS THE STATE ENVIRONMENTAL AGENCY INVOLVED?

Theoretically, a state may never and need not be involved in brownfields transactions. In practice, depending on the circumstances, as state voluntary cleanup processes catalyze redevelopments, site owners and prospective purchasers will seek up front state involvement in brownfields assessment, cleanup and redevelopment.

Currently, the point of involvement varies depending on factors such as a state's tradition of intervention, the role and extent of public-private partnerships (varies from state-to-state), and the state's approach to revitalization (i.e., regulatory enforcer v. redevelopment promoter).

WHO DOES THE STATE ENVIRONMENTAL AGENCY RELY ON?

Who or what is relied upon in brownfields redevelopment varies according to the state and depends on the traditions and approaches of the agencies most directly involved. States with little interest in the redevelopment side of brownfields focus on environmental consultants, for example, compared to expending resources on attracting financial expertise to the project.

In practice, state governments rely on many of the same experts, as do other stakeholders. In addition to environmental experts – their own in-house staff, federal EPA experts, or private consultants – states may encourage partnerships with insurance companies⁴ and lenders. States view themselves as key early participants in the project, setting the stage for others to follow.

Typically, state programs require some level of public participation and notification. Community involvement ranges from establishment of advisory groups and targeted mailings and meetings to publication of newspaper notices.

TO WHOM IS THE STATE ENVIRONMENTAL AGENCY ACCOUNTABLE?

This stakeholder group is responsible to its main constituencies, the cities, towns, sub-state governments, and citizens. Accountability to the political party in power should not be underestimated.

KEY PERSONS IN THE STATE ENVIRONMENTAL AGENCY'S ORGANIZATION

Similar to any bureaucracy, the buck stops at the top agency official. Depending on the organization roster of agency officials and staff is likely to precede the top official. At the site level, the key person is the project officer assigned to work with the owner or prospective purchaser. Their level of knowledge about the brownfields process, from assessment through cleanup and redevelopment, is crucial in determining how the project proceeds.

Comparable to the vantage point of a state development agency, project staff could have a better grasp of the nuances and impacts of brownfields-related factors on redevelopment. Others view brownfields as deadly and avoid them.

WHO DOES THE STATE ENVIRONMENTAL AGENCY SEE AS OTHER KEY STAKEHOLDERS?

In general, state environmental agencies view other stakeholders in the redevelopment process as key but the level of emphasis and attention varies. State environmental agencies are more likely to give priority to stakeholders like community residents groups, public health departments and environmental organizations.

State development agencies are more likely to view stakeholders such as developers, financial institutions, and business owners as key players. The extent to which state agencies factor in stakeholder priorities and account for concerns is significant in any proactive brownfields revitalization strategy

⁴ See Massachusetts and California

WHY IS THE STATE ENVIRONMENTAL AGENCY ENGAGED IN BROWNFIELDS REDEVELOPMENT?

State governments want to promote a climate that encourages job creation, tax base enhancement, economic revitalization, and general improvement in quality of life.

DOES THE STATE ENVIRONMENTAL AGENCY VALUE THE MULTI-STAKEHOLDER PROCESS?

This stakeholder values the process but in some cases can't or doesn't provide adequate resources to actively promote it. However, state agencies know that the best projects are those with the most public support and the least controversy and, in practice, a multi-stakeholder process is the way to achieve those ends.

WHAT DOES THE STATE ENVIRONMENTAL AGENCY EXPECT TO GET OUT OF THE BROWNFIELDS PROJECT?

States want jobs, cleaner and revived communities, increased tax revenues, amenities such as parks and recreational facilities, and increased access to services such as retail centers; in short, amenities that enhance the overall quality of life. State environmental agencies are focused on environmental cleanup.

WHAT CONTRIBUTIONS AND STRENGTHS DOES THE STATE ENVIRONMENTAL AGENCY BRING TO A PROJECT?

The federal Brownfield Revitalization Act cedes virtually all responsibility for brownfields sites to the states. A state's strength is in the finality the environmental agency can bring to the brownfields redevelopment process. Depending on final federal EPA guidance to administer this new law, finality could include important links to Superfund liability limitations that protect prospective purchasers, innocent landowners and adjoining property owners.

From a development agency viewpoint, states enhance the economic feasibility of a project by bringing critical gap financing to address environmental issues such as site assessment, cleanup and brownfields site preparation costs.

NEEDS OF THE STATE ENVIRONMENTAL AGENCY

Faced with shrinking budgets nationwide, states are focused on finding funding to continue voluntary cleanup programs and other programs that support brownfields redevelopment. Due to hiring freezes borne of fiscal crisis, some states face the prospect of closing off access to their voluntary response programs, which would stymie reuse of brownfields and could curtail the role of stakeholders such as community organizations. These same budgetary problems are causing critical capital programs to shrink and will inhibit site reuse.⁵

LIMITATIONS ON OPERATIONS OR DECISIONS OF THE STATE ENVIRONMENTAL AGENCY

State agencies are limited by law and by the need to balance competing governmental interests.

⁵ For example, California's \$85 million brownfields financing program is nearly defunct.

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STAKEHOLDER GROUP: *Local Government*

DESCRIPTION OF STAKEHOLDER

The primary local government stakeholder is the city agency responsible for promoting community revitalization and economic development. This city agency knits together projects that meet the needs of the city, the developer and the community. Success in achieving these goals varies and influences acceptance of the brownfields redevelopment in an area.

In some cities, environment departments assume a broker role in the brownfields process, tying together community planning and outreach efforts, development and infrastructure improvement strategies. Public health agencies have a major stakeholder role in areas facing significant community health and pollution impacts. Health agencies often take the lead in ensuring that brownfields health and environmental conditions are monitored, remedies are effective, and institutional controls limit human exposure to residual contamination.

WHEN IS THE LOCAL GOVERNMENT INVOLVED?

Local governments are almost always involved with brownfields. For example, involvement can occur at the point of permitting, recording a deed, zoning changes or during other transactional activities. A prospective purchaser or someone seeking to reuse the site may approach the city about exploring financing incentives or assistance to promote brownfields redevelopment as a viable option. The city could apply for a federal EPA grant or site assessment resources. The city could grant a property tax abatement or establish incentives. Cities have facilitated community participation processes at brownfields sites and helped select developers.

If the site is part of a community-based development project, and the city is involved at the outset, it could invest local funds, convey property title or spearhead a project partnership with a lender or investor group. Similar to the state agency's role, when brownfields projects become more accepted by localities, site owners and prospective purchasers will seek local government involvement in various aspects of the assessment, cleanup and redevelopment process.

WHO DOES THE LOCAL GOVERNMENT RELY ON?

Analogous to states, local governments rely on various players, in-house or external and are influenced by expertise, customs and traditional approaches. Some cities are hands-off preferring to rely on private sector consultants, attorneys, and engineers. Small cities often must rely on outside consultants in view of staffing, expertise, and budget limitations. Some large cities have built in-house expertise to do brownfields work as well as engage in strategic partnerships with state and federal agencies.

Depending on circumstances of the project, generally, local governments rely on many of the same state, community, and private stakeholders as do others. In addition to environmental experts, local governments may encourage partnerships with lenders,

nonprofit development agencies, and utilities. Often, local governments view themselves as the jump starters relying on other stakeholders to follow and move the project along.

Like states, local governments typically require some level of public participation, notification and community involvement, which ranges from establishment of advisory groups, targeted mailings and meetings to publication of newspaper notices. In some localities, community stakeholders have driven the process including mapping out a vision, planning for revitalization, and rallying resources.

TO WHOM IS THE LOCAL GOVERNMENT ACCOUNTABLE?

Local governments must perform within statutory confines. Some cities offer incentives such as tax increment financing and targeted abatements. Additionally, some cities take advantage of home rule authorities that confer flexibility in dealing with brownfields.

Essentially, all politics is local. Accountability at the local level rests with individual citizens and voters balanced with needs of and opportunities posed by developers, builders, and other stakeholders.

KEY PERSONS IN THE LOCAL GOVERNMENT'S ORGANIZATION

The mayor leads the city, and is most visibly accountable. Mayoral appointees, who head city departments, are on the front line of responsibility for decisions. Depending on the size of the city and its institutional bureaucracy, there could be several intermediary officials. At the site level, the key person is the project officer assigned to work with the owner or prospective purchaser. The staff's knowledge about brownfields process is crucial in determining how the project progresses.

WHO DOES THE LOCAL GOVERNMENT SEE AS OTHER KEY STAKEHOLDERS?

Local government views others in the redevelopment process as key stakeholders including, for example, developers, lenders and investors, community organizations, business groups, property owners and open space advocates. A local government's emphasis and attention on each stakeholder group varies. However, in the hierarchy of stakeholders, cities that have developed sophisticated brownfields redevelopment strategies and vigorously promote brownfields site reuse view the state agency running the state's voluntary cleanup program as most key.

WHY IS LOCAL GOVERNMENT ENGAGED IN BROWNFIELDS REDEVELOPMENT?

Local governments, especially those in older, mostly developed and landlocked locations, want to stimulate a climate that encourages job creation, tax base enhancement, economic revitalization, development of urban amenities and overall improvement in quality of life. For many cities, brownfields are the only land available.

DOES THE LOCAL GOVERNMENT VALUE THE MULTI-STAKEHOLDER PROCESS?

Cities value and promote the multi-stakeholder involvement process, in many cases, without clearly recognizing it. Local governments know that the best projects are those with the most public support, the least controversy, able to overcome the environmental contamination stigma and subject to successful marketing. The multi-stakeholder process is one of the key ways to make that happen.

WHAT DOES THE LOCAL GOVERNMENT EXPECT TO GET OUT OF THE BROWNFIELDS PROJECT?

Local governments engage in brownfields projects for various reasons depending on the site and the opportunities, for example:

- ?? jobs;
- ?? environmentally safer, and revived neighborhoods;
- ?? commercial and industrial development;
- ?? increasing tax revenues;
- ?? residential developments;
- ?? improving public amenities e.g., parks, bike trails, open space, recreational facilities; and
- ?? enhancing overall quality of life.

WHAT CONTRIBUTIONS AND STRENGTH DOES THE LOCAL GOVERNMENT BRING TO A PROJECT?

Local government brings a range of strengths to the brownfields projects including ability to facilitate the redevelopment process, linking stakeholders and facilitating resolution of controversies and disputes. From the redevelopment vantage point, local governments bring critical gap financing to address environmental issues such as site assessment and cleanup. Cities can also access state and federal programs and tools.

NEEDS OF THE LOCAL GOVERNMENT

Local governments need financing to both support relevant agencies that sustain brownfields redevelopment and actual redevelopment. Similar to states, local governments face budgetary constraints that affect their ability to redevelop brownfields. For example, shrinking budgets inhibit infrastructure improvements and affordable housing construction. Small cities that mainly rely on outside expertise face even more significant budget cuts.

LIMITATIONS ON OPERATIONS OR DECISIONS OF THE LOCAL GOVERNMENT

Laws limit cities. Cities work within the confines of state government. State regulatory agencies can make or break a local project. Local governments and their leaders face practical political considerations in which competing interests must balance.

12 **STAKEHOLDER GROUP:** *State & Local Community and Economic Development Agency*

DESCRIPTION OF STAKEHOLDER

State and local community and economic development agencies are the governmental entities responsible for maintaining and enhancing the economic base of in explicit geographical area. Economic development agencies focus on the fundamentals of development, such as job creation and revenues. Community development agencies take a broader view of the development that incorporates non-economic uses, e.g., parks and recreational facilities. However, there is considerable overlap, in the mission of the respective agencies, particularly when projects involve brownfields reuse.

Increasingly, state and local community and economic development agencies are in a central role as key partners in determining brownfields reuse and creating linkages between private sector, nonprofit entities and the regulatory agencies that must address these sites.

WHEN IS THE STATE AND LOCAL DEVELOPMENT AGENCY INVOLVED?

The resources of state and local community and economic development agencies can be deployed when there is a need for initial investments critical to covering the costs of site cleanup and preparation. Many brownfields projects involve multiple sources of funding, and these agencies are needed both to coordinate funding as well as provide a portion of it.

Similar to the role of local governments, in order to make brownfields redevelopment a viable option for the property, these agencies can link prospective purchasers and or site re-users with available financing incentives.

WHO DOES THE STATE AND LOCAL DEVELOPMENT AGENCY RELY ON?

Similar to other government agencies and the private sector, this stakeholder group relies on many of the same brownfields stakeholders. These include, for example, environmental experts, financial institutions, investors, public and private property owners, developers, communities, and nonprofit associations.

TO WHOM IS THE STATE AND LOCAL DEVELOPMENT AGENCY ACCOUNTABLE?

State and local community and economic development agencies are required to operate within statutory and regulatory objectives. They are accountable to state and local legislative and executive bodies and elected officials. In practice, accountability resides at the top level of the agency and in other leaders within the organization whose mandate is to produce an acceptable rate of return on the public investment (e.g., jobs created or saved and increased tax revenues). Theoretically, these agencies are also accountable to the taxpayers who are fiduciaries.

KEY PERSONS IN THE STATE AND LOCAL DEVELOPMENT AGENCY ORGANIZATION

Key people are located at nearly every level in the agency. For example, to advance revitalization projects, the agency head must be enthusiastic about promoting brownfields redevelopment; underwriters must be skilled at resolving challenges posed by environmental issues and land re-use; and the agency's technical staff must comprehend the actual -- versus the perceptual -- risks involved.

WHO DO THE STATE AND LOCAL DEVELOPMENT AGENCIES SEE AS OTHER KEY STAKEHOLDERS?

Typically, state and local development agencies are catalysts in the brownfields redevelopment process and take a broad view of who constitutes a key stakeholder, including state environmental agencies, lenders, investors, developers, nonprofit groups and communities. Agencies also rely on their in-house technical experts whose skills help build critical and cost effective projects.

WHY ARE THE STATE AND LOCAL DEVELOPMENT AGENCIES ENGAGED IN BROWNFIELDS REDEVELOPMENT?

Consistent with their state and local governmental counterparts, economic and community development agencies are promoting enhanced economic and social climate in their jurisdictions. Facets of this enhanced climate include more jobs, more tax revenue and more opportunities for a better quality of life all of which can be gained depending on revitalization of brownfields sites.

DO THE STATE AND LOCAL DEVELOPMENT AGENCIES VALUE THE MULTI-STAKEHOLDER PROCESS?

Since a key function of these agencies centers on their capability to construct the partnerships integral to the success of brownfields redevelopment, this stakeholder group values the multi-stakeholder process as a key ingredient.

WHAT DO THE STATE AND LOCAL DEVELOPMENT AGENCIES EXPECT TO GET OUT OF THE BROWNFIELDS PROJECT?

Success is measured by benefits these agencies generate within their geographic territories; for example, the numbers of jobs created or saved, tax revenues, amenities, recreational facilities and retail. These benefits strengthen the ability (and credibility) of the agency in terms of pursuing additional projects.

WHAT CONTRIBUTIONS AND STRENGTH DO THE STATE AND LOCAL DEVELOPMENT AGENCIES BRING TO A PROJECT?

Development agencies can expedite the brownfields redevelopment process. Often, this stakeholder group is positioned to facilitate the coordination and cooperation among different stakeholders that is critical to the success of a project.

Agencies can bring critical gap funding and links to technical resources that are important to implementing successful brownfields reuse. These agencies will have new opportunities under the recently enacted Brownfields Revitalization Act. Many that own sites will be eligible to apply for site assessment and cleanup grants.

NEEDS OF THE STATE AND LOCAL DEVELOPMENT AGENCIES

Technical, financial and personnel resources continue to be a critical need in brownfields redevelopment. States are experiencing constraints such as budget and staff reductions that result in extended timeframes on processing agency applications, limitations on technical support available to program recipients and dwindling project support dollars. Increasingly, agencies are mandated to work with and in states and cities both of which face significant and competing budget pressures.

LIMITATIONS ON OPERATIONS OR DECISIONS OF STATE AND LOCAL DEVELOPMENT AGENCIES

Typically, like their local government counterparts, this stakeholder group could be limited in the scope of activities by state or local laws, regulations, political and development decisions such as zoning or planning dictates.