Exploring Options: Identifying Sources of Capital from Federal Financing Programs

Public financing programs offer many incentives to brownfields stakeholders because they reduce lender risks and reduce borrower costs with interest rate reductions and/or subsidies. They also improve the borrower’s financial situation with repayment grace periods, tax abatements, and training and technical assistance. In addition, they provide comfort to lenders and/or investors and provide direct resources such as grants.

The RLF program offers financing for the cleanup phase of a brownfields redevelopment site, but stakeholders can use other sources of federal and non-federal funding to cover costs that are ineligible under the RLF program. Below is an overview of other federal financial assistance programs that can be applied to brownfields development activities. Most of these programs are not explicitly created for brownfields; it is up to the stakeholder to determine the overlap for use of these funds.

Loans

- Economic Development Administration (EDA) Title IX - capital for local revolving loan funds
- U.S. Department of Housing and Urban Development (HUD) funds for locally determined Community Development Block Grants (CDBG) loans and “floats”
- Small Business Administration (SBA) micro loans
- SBA Section 504 development company debentures
- EPA Clean Water State Revolving Loan Fund
- EPA Safe Drinking Water Revolving Loan Fund

Loan Guarantees

- HUD Section 108 Loan Guarantees
- SBA section 7(a) and Low-Doc programs

Grants

- HUD Brownfield Economic Development Initiative (BEDI)
- HUD Community Development Block Grants (CDBG)
- EPA assessment grants
- EPA cleanup grants
- EDA Title I - public works and Title IX - economic adjustments
- U.S. Department of Transportation (DOT) - various system construction and rehabilitation programs
- DOT’s transportation and community system preservation (TCSP) pilot grants
- U.S. Army Corps of Engineers (USACE) - cost-shared technical services

Equity Capital

- SBA’s Small Business Investment Companies
Tax Incentives and Tax-Exempt Financing

- Historic rehabilitation tax credits
- Low-income housing tax credits
- Industrial development bonds
- Tax increment financing

Tax-Advantaged Zones

- HUD/U.S. Department of Agriculture (USDA) Empowerment Zones (various incentives)
- HUD/USDA Enterprise Communities (various incentives)
- HUD Renewal Communities (various incentives)