Grants boost value of contaminated sites

By JEFF MONTGOMERY
The News Journal

A state program that subsidizes redevelopment of contaminated land and idle industrial sites has sharply increased the value of reclaimed property, returning an average $17.50 on the dollar, according to a newly released University of Delaware study.

In New Castle County, assessed values for "brownfield" redevelopments rose 106 percent, or 10 times the rate of other nearby properties, the report for Delaware's Department of Natural Resources and Environmental Control said. Much of the gain was seen at redeveloped properties along Wilmington's Christina Riverfront.

DNREC's Brownfield Program provides grants of up to $225,000 to assist private developers with environmental remedies. Nonprofit groups and municipal governments are eligible for up to $1 million per project.

The university's Center for Applied Demography and Survey Research concluded that the program produced nearly 700 jobs and added $394 million to the state's gross domestic product between 1998 and 2008. Brownfield projects also tended to add higher-paying jobs to a locality.

"Redeveloping contaminated sites makes sense for the economy and the environment," Gov. Jack Markell said in a written statement. "By focusing on cleaning up industrial sites, we strengthen local communities and create new economic opportunities for innovative companies like Fisker Automotive looking to invest in Delaware."

Fisker plans to build plug-in hybrid electric vehicles at the shuttered General Motors Boxwood Road plant after a cleanup and retooling.

The university itself received approval for up to $1 million to help convert Chrysler's shut-down Newark plant into a multi-use educational and research complex.

DNREC sets aside about $5 million yearly for brownfield grants from the state's Hazardous Substance Cleanup Act fund, which is supported by a wholesale tax on petroleum products, and has processed more than 100 projects since the program's start.

Applications generally far exceed each year's appropriation. Managers exhausted this year's funding in February.

DNREC Secretary Collin P. O'Mara said the investments help steer growth and development to areas that already have roads, sewer lines and other basics, reducing pressure to clear forests and farm fields. He described grants issued under the program as more than just a state expense.

"They're investments. They have a return and they create opportunities," O'Mara said. "It cleans up the environment, creates economic opportunities and promotes infill development, all of which is good and strengthens our communities."

Marjorie A. Crofts, DNREC acting Air and Waste Management director, said the program "takes a lot of the less contaminated sites that would be far lower on our priority list and allows them to get done quickly, where it might be decades before we get to them," because of higher-priority needs.
DNREC brownfield administrator manager James Poling said the state had never previously weighed the benefit of Delaware's program. Some states, he said, operate without brownfield programs and without earmarked funds, he said. Ohio, in contrast, has a $600 million program paid for by a tax on alcoholic beverages.

Kathy Stiller, manager of DNREC's Site Investigation and Restoration Branch, said the project has attracted developer interest throughout the recession.

“What I keep hearing from small businesses is that this is a program that allows them to move forward with a development that will help the economy, even with the limited financing that's out there.”