

OHIO BUDGETS \$500 MILLION FOR BROWNFIELDS AND DEMOLITION PROJECTS

JULY 2021

Ohio's 2022-2023 budget, which was just signed by Governor Mike DeWine, comes through in a big way by allocating \$500 million in new funding under various development programs: The budget allocates \$350 million for the investigation, cleanup, and revitalization of brownfield sites and another \$150 million for the demolition of vacant or abandoned commercial or residential buildings.

The funding will be administered by the Ohio Department of Development (ODOD), which must adopt rules for the allocation of brownfield funding and the demolition program. The rules will determine project eligibility and program administration. The program must be operational within 90 days after the budget's effective date (i.e., early October 2021).

Brownfield Remediation Fund

With regard to the \$350 million allocated for brownfield redevelopment, the budget bill provides no real direction to ODOD on eligibility requirements for brownfield revitalization other than the following:

- \$1 million in funding is reserved for one year for each of Ohio's 88 counties;
- The remaining \$262 million in funding is to be provided to eligible projects on a "first-come, first-served basis"; and
- Up to 75% of the project cost will be funded (i.e., a 25% minimum match requirement).

Building Demolition and Site Revitalization Fund

The bill allocates \$150 million for the demolition of commercial and residential buildings and – interestingly – the "revitalization of surrounding properties on sites that are not brownfields." Similar to the Brownfield Remediation Fund, the budget bill provides little direction to ODOD on program administration other than the following:

- Funding is to be directed to non-brownfield sites. "Brownfields" are defined as industrial and/or commercial properties where expansion or redevelopment is complicated by known or potential releases of hazardous substances or petroleum. This suggests that funding under this program is meant only for abandoned buildings without contamination.
 - \$500,000 in funding is allocated to each of Ohio's 88 counties.
 - The remaining \$106 million in funding is to be provided on a first-come, first-served basis.
 - Up to 75% of the project cost will be funded (i.e., a 25% minimum match requirement).

Significance of the Funding

The Clean Ohio program – considered to be the "gold standard" of brownfield grant programs in the United States – was Ohio's last major brownfield cleanup grant program, and it sunset in 2013. Clean Ohio allocated approximately \$800 million in funding over the 13 years the program operated, but only about 50% of the \$800 million was dedicated to brownfield funding. To put the \$350 million in new funding into perspective, the 2022-2023 budget allocates close to the full Clean Ohio amount to brownfield funding – and that excludes the additional \$150 million dedicated to the Building Demolition and Site Revitalization Fund.

First-Come, First-Served

Typically, Clean Ohio operated by annually allocating \$30 to \$50 million for brownfield redevelopment, with funding awarded in two rounds per year. The Clean Ohio Council used detailed scoring to determine which projects were to receive funding. Project funding rounds were very competitive, and it was not uncommon to have several projects fall "below the line" (i.e., not be selected for funding).

The new budget bill clearly states that ODOD is to award projects on a “first-come, first-served” basis. This means that ODOD will establish minimum eligibility requirements. If a project meets the eligibility requirements, it will be funded. The key will be how high a bar ODOD sets for projects to qualify for funding. The “first-come, first-served” basis for funding suggests a sprint to grab funding while it lasts. Even though the details on eligibility are still forthcoming, it would be wise to start identifying potential projects and vet them for the best chance of receiving funding. If the money goes unspent for the two-year budget cycle, there is no guarantee that the remaining funding will be kept in place for the next Ohio budget.

ADDITIONAL INFORMATION

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