GOVERNMENT’S INVOLVEMENT IN REGIONAL POLICY AND DEVELOPMENT IN THE STATE OF OHIO, USA

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Brownfield redevelopment has been playing a leading role in urban development in the state of Ohio for some time now. Being one of the most industrialized states in the US, Ohio has been struggling for a long time with numerous consequences of businesses that were shutting down, moving out of Ohio, or restructuring. The State officials have been addressing and taking care of these issues very carefully, and with a lot of concern and attention. Furthermore, the officials have been cooperating on all levels of government, which created a very positive and encouraging environment for successful redevelopment projects.

The State has been focusing on comparative advantages of regions, and assisting where the demand is. The State has also been encouraging regional development by providing programs especially designed for ones in need, or valuing projects that propose a regional component/strategy. With establishing public-private partnerships between applicants and the government as the fund provider, a very important way of cooperation is established, and maintained, throughout the funding process.

With the evident burden that brownfields impose on all participants in the process of redevelopment, it is sometimes difficult to see the overall benefit of such actions. The crucial role of government's support has proved to be the key to successful implementation of brownfield projects. Enabling continuous flow of funds, establishing intergovernmental relations, along with enabling public-private partnerships, and tightly linking the participants in the process of redevelopment resulted in successfully completed projects, which brought new life and brighter perspective to communities that haven’t been able to struggle through this complex process on their own.

Key Words: redevelopment, brownfields, investments, state government, public-private partnerships, priority investment areas

INTRODUCTION

The goal of this paper is to present an example of government’s attempt to encourage development on the regional level, through programs and funding opportunities, crafted in a way to initiate and incentivise distressed regions in the State of Ohio, USA.

Having in mind the industrial background of the State of Ohio, it is no wonder that this characteristic influenced many regions in the State to change, restructure their economy, retrain their working force, and overall adapt to the new era and new market demands. After decades of painful changes, the time has come for those regions to seize upon the new trends and attitudes that have begun to revalue their special qualities.

The government’s role in this situation has been to help overcome the market failures by investing in brownfield redevelopment in order to make the impacted regions attractive for future development - urban, regional, economic and environmental. By offering funds, the State has been successfully mitigating the negative connotations of brownfields, therefore bringing the so much needed capital back to its distressed areas. On the regional level, brownfields impose an array of challenges, such as environmental liability concerns and financing obstacles, due to the fact there is no financing available for such impaired land. By filling in this gap, the State has been very successful in leveraging its initial investment in these areas, and bringing new values to the regions - redevelopment, new jobs, and overall making its regions vital and competitive in the market.

GROWING NEED FOR BROWNFIELD REDEVELOPMENT IN THE STATE OF OHIO

Brownfields have become a very serious topic in the urban environment lately. They have been defined as abandoned, idled, or under-used industrial and commercial properties where redevelopment is complicated by known or potential release of hazardous substances or petroleum [2] [5].

In the real urban and regional perspective, all of those mentioned types of sites and properties present a significant problem, as well as an opportunity for regions. These properties impose economic and social costs on localities and neighborhoods by reducing property values, creating blight, and becoming targets of vandalism and criminal activity. Yet they also hold such a broad array of
opportunities for the development of new housing, businesses, and public amenities in cities and its respective regions [6].

A special concern should be directed to the old industrial areas, as they most often include all of those types of problematic land, require a serious brownfield redevelopment action and a revival of older industrial urban economies. Older industrial cities possess a unique set of characteristics and resources that, if fully leveraged, could be converted into vital competitive assets. These include distinctive physical features - including waterfronts, walkable urban grids, public transit, and historic architecture; important economic attributes - such as dense employment centers, universities and medical facilities, and, for some cities, proximity to more economically robust metropolitan areas. Furthermore, older industrial cities are still important centers of regional identity, inspiring a sense of pride and place, which, while often abstract, can be the first step for change. After so many years of painful economic restructuring, the time is now for these cities to seize upon new trends and attitudes that have begun to revalue their special qualities. Brownfield redevelopment in that sense should be one of the leading, restructuring and revitalizing steps in those cities. Major demographic shifts - migrations, an aging population, and changing family structures - are altering the size, makeup, and locational choices of the households in both the US and Ohio, to the benefit of the regions that offer the opportunities and amenities these groups seek. Economic trends - globalization, the demand for educated workers, and the increasing role of universities - are providing areas with a unique chance to capitalize upon their economic advantages and regain their competitive edge. And forward-thinking political leaders and constituencies - businesses, local and state elected officials, major foundations, and key environmental and community organizations - are speaking more and more often about market-based urban development, reflecting these groups' growing awareness of the revitalization and competitive, sustainable metropolitan growth [7].

Still, not only cities are the ones responsible for addressing vacant, abandoned, or contaminated land and structures. State governments play an important role as well, because local improvement of the redevelopment process often depends on state-level legislative reform, which is not always forthcoming [6]. This is why these complex issues should be addressed as much comprehensive as possible, utilizing all levels of governments, and all concerned parties, both public and private.

SUCCESS IN THE STATE OF OHIO: CLEAN OHIO ASSISTANCE FUND

Brownfield redevelopment has been playing a leading role in urban development in the state of Ohio for some time now. Being one of the most industrialized states in the US, Ohio has been struggling for a long time with numerous consequences of businesses that were shutting down, moving out of Ohio, or restructuring. The State officials have been addressing and taking care of these issues very carefully, and with a lot of concern and attention. Furthermore, the officials have been cooperating on all levels of government, which created a very positive and encouraging environment for successful redevelopment projects.

During the previous Governor Taft's administration, Ohio voters passed Issue 1, which authorized release of bonds to provide grants to stimulate the redevelopment of brownfields. Legislation signed by Gov. Bob
Taft created two separate brownfield grant programs - the Clean Ohio Revitalization Fund and the Clean Ohio Assistance Fund. [10]

Furthermore, “Turnaround Ohio” agenda [3], created by the (current) state government as a vision and a plan to move Ohio forward, strongly states that a section of the agenda named Revitalizing Our Cities and Towns “is our commitment to give local leaders the tools they need to create jobs and attract investments to make their communities vibrant centers of commerce. There are no great states without great cities, and we will pursue a revitalization plan and an urban investment agenda...”

The problem of vacant and abandoned land is especially addressed. The agenda very clearly and precisely states the challenge - “Development of brownfields - urban and rural sites with environmental contamination - costs six to eight times what it costs to develop pristine land. The public sector must help narrow this differential. Ohio should not be using taxpayer dollars to promote unchecked sprawl or to encourage the abandonment of cities [3].”

A continued commitment by the State of Ohio towards brownfield redevelopment through the Clean Ohio Assistance Fund (COAF) offers opportunities for Priority Investment Areas of the State[1] to strive to redevelop brownfields, revitalizing and investing into old assets, in the distressed communities of Ohio. More specifically, those areas are designated by the Ohio Department of Development every six months, and include distressed cities/counties, labor surplus cities/counties, situational distress cities or inner city distress.

The Ohio Department of Development through the Clean Ohio Assistance Fund has awarded 108 grants, totaling more than $39 million to Priority Investment Areas across Ohio over the past five years. The investments are helping to transform Ohio communities by redevelopment, investments and job creation. These projects have leveraged more than $412 million in new private and public investment on brownfields, and are anticipated to create and/or retain 4,306 jobs [2].

In addition, the State of Ohio through the Ohio Department of Development and its Urban Development Division has been successfully implementing a state-wide competitive brownfield financing program, the Clean Ohio Revitalization Fund (CORF), which attracts private capital to brownfield redevelopment activities and new investments throughout all areas of Ohio. Over seventy CORF cleanup grants have been funded, resulting in more than $500 million in new construction, completed or underway, with another $1 billion proposed over the next few years [2].

APPROACHING THE PROBLEM: HOW DOES THE STATE DO IT?

In order to address such complex issue as brownfield redevelopment, the State has taken a comprehensive, interdisciplinary approach to this particular problem. This encompasses the economic and environmental aspects, regional collaboration and integration. The state government also diligently worked on establishing cooperation with other government agencies, largely with the Ohio Environmental Protection Agency and the U.S. Environmental Protection Agency (USEPA). Clean Ohio Assistance Fund and Clean Ohio
Revitalization Fund are jointly reviewed and evaluated by the Ohio Department of Development/Ohio Environmental Protection Agency teams, which coordinate in decision- and policy-making on a daily basis. Cooperation with the federal USEPA serves as an additional source of funding, since USEPA, through the ODOD, distributes funds for loans, to interested parties that can get brownfield redevelopment and cleanup money. The State has been also focusing on comparative advantages of regions, and assisting where the demand id. The State has been encouraging regional development by providing programs especially designed for ones in need, or valuing projects that propose a regional component/strategy. With establishing public-private partnerships between applicants and the government as the fund provider, a very important way of cooperation is established, and maintained, throughout the funding process.

CHALLENGES & BENEFITS OF BROWNFIELD REDEVELOPMENT

With the growing demand for available land in urban areas, brownfield sites provide a valuable source of the needed space in dense and already overused urban structures of cities. On the other hand, brownfield redevelopment imposes certain challenges, compared to other real estate development projects, such as:

- Environmental Liability Concerns - both developers and property owners want to manage past and future liabilities associated with the property's environmental background
- Value of Location vs. Cost of Redevelopment - while these properties are often found in urban locations that are ideally suited for redevelopment, the cost to clean them up can be a competitive disadvantage when compared to suburban, greenfield sites.
- Financing Obstacles - loans for these types of properties are often unavailable, as brownfield sites are considered impaired land, not eligible for financial support. Clean-up expenses can exceed the value of the property, so they may directly affect the feasibility of the particular project.

These are indeed the main challenges that the government is required to support - alleviation of environmental issues, and even more important - financing obstacles and gaps, which make this type of redevelopment very difficult and complicated.

However, in spite of these and many other challenges that brownfield redevelopment may incur, we should never deny the opportunity and importance that this land holds down for central cities - it generates new economic activity, increases tax revenue, improves physical amenities, increases safety, and creates a new urban atmosphere. We could easily answer the question "why invest more money and redevelop a brownfield?" by categorizing the main benefits of such redevelopment process into the following:

- Bring Out Hidden/Locked Property Value, a value that couldn't have been used due to contamination or any other issues that are constraining the use of a property
- Environmental Benefit, that is achieved by removing any potential hazardous materials or substances from the site
- Economic Benefit, bringing new investments and new tax payers, and starting a new economic activity on an existing property
- Community Benefit, which can be measured in all of the above, as well as in aesthetics parameters, in capturing history of a place and reviving it, or creating a totally new asset in the community; caring for past, but valuing the present and future trends and needs at the site, fitting it accordingly within its surroundings.

All of these factors should be further analyzed in terms of aforementioned distressed communities, to which the Fund is exclusively intended for. This is the only steady source of funds for them, having in mind the fact that their projects for redevelopment are evaluated on the rolling time schedule as long as the funds are available, and more importantly - there is no competition involved. This translates to the fact that as long as the projects fulfill the requirements and provide sufficient documentation regarding the future use and development on site, they become a grantee. This process, however, might be lengthy, but is more than well-appreciated by the eligible communities.

Since its inception, Clean Ohio Assistance Fund has been awarded with $10 million per biennium. This might seem like a lot of resources, but what has actually been happening is that after the eligible potential grantees became familiar with requirement and procedures - the fund has been lacking significant amounts of money. This gap turns out to be between 50 and 60%; still, the Fund has been able to level out this imbalance by reappropriations from previous year when it was just instituted and communities were not aware of this fabulous opportunity. This year, Clean Ohio Assistance Fund had to discontinue the application process, as it ran out of funds for prospective projects; however it was able to maintain the disbursement payments for the ongoing projects.

As there is a significant need for such funding source, the Clean Ohio Assistance Fund is seeking for an increase of the budget. This will enable the Ohio Department of Development to continue to serve its most needed constituents, and keep on building its communities and the overall economy. These types of investments not only spur further economic development, but also encourage Ohio's cities to strengthen and retain young professionals that would otherwise leave the state in search of a better future. These redevelopments can surely be the catalyst for making the communities more appealing and competitive, and certainly a place for future generations to enjoy and keep building on.

STAKEHOLDERS’ PERCEPTION & EVALUATION OF THE CLEAN OHIO FUND

In order to evaluate performance and future needs for the Clean Ohio Fund resources, seven stakeholder meetings were planned, organized and hosted by the Urban Development Division throughout the summer of 2007. These meetings gathered more than 300 participants (current and future/possible grantees, government officials, private sector representatives, and all other interest groups) and supplied input and feedback “from the field”. All stakeholders, with no exceptions, strongly stated that “there's no other way to
revitalize brownfields without Clean Ohio". Clean Ohio Fund programs are viewed as highly successful, accomplishing the established goals and objectives. Not just that they are bringing economic and environmental benefits to the troubled places in the State of Ohio, but are seen as key catalysts and initiators of so needed private investments, that would have been impossible without the State’s assistance and support [4].

To further portray the success of these funding programs serves the fact that Governor Strickland, in his State of the State speech proposed (and eventually got) another $400 million specifically for the Clean Ohio Fund as a crucial part of his economic-stimulus plan to revitalize the State’s downward-sloping economy. Even Ohio’s Republicans, who are in general opposing Strickland’s plan, stated that “the $400 million in Clean Ohio funding that democratic governor included in his plan has a wide support among Republicans. The 7-year old program is very well accepted by lawmakers of both stripes because the cleanup program has spread near and far with 87 of Ohio’s 88 counties getting projects funded."

CONCLUSION

With the evident burden that brownfields impose on all participants in the process of redevelopment, it is sometimes difficult to see the overall benefit of such actions. The crucial role of government’s support has proved to be the key to successful implementation of brownfield projects. Enabling continuous flow of funds, establishing intergovernmental relations, along with enabling public-private partnerships, and tightly linking the participants in the process of redevelopment resulted in successfully completed projects, which brought new life and brighter perspective to communities that haven’t been able to struggle through this complex process on their own.

Analyzing the brownfield “issue” from a broader perspective, we can infer that, with government’s assistance, these communities did not just get a redeveloped piece of property, ready for a new use; they have acquired a new asset - a new development catalyst of the particular neighborhood - capable of spurring new economic activity and bringing people back to the communities. This type of redevelopment might require a lot of resources in order to become reality, but the results show that the redevelopment, once completed, generates benefits to all of the involved – end-users of the treated property, surrounding neighborhood and its residents, government and its officials, local property values and economic activity, and the overall image of the area. Not all of these parameters can be easily measured, but the practice has showed dramatic increase of interest in brownfield redevelopment after the initial steps have been made, and first projects have been completed. After all, these projects will unquestionably and unconditionally become reality with the growing market demands for prime urban land and locations that are already overserved and overcrowded. Brownfields will, therefore, open a whole new perspective and future times. Securing additional funds will therefore play the key role in making the big plans come true, carefully guiding its communities towards a proved path for success and prosperity.

References and bibliography

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