

# KANSAS CITY BROWNFIELDS REVOLVING LOAN FUND PROGRAM

## FACT SHEET

2022

**Program Overview:** The City of Kansas City, MO (City) administers a brownfields revolving loan fund (RLF) program using several grants from EPA. The RLF program provides loans and subgrants to cleanup brownfield sites. EPA has awarded the City a total of \$9,650,108 in total RLF grant funds among four grants:

Name	Award	Program Income	Available Capital
Kansas City Brownfields RLF Grant	\$3,950,108.00	\$315,067.00	\$329,903.00
Kansas City Supplemental RLF Grant	\$3,900,000.00		\$3,327,110.00
Kansas City Coalition RLF Grant	\$800,000.00		\$77,814.00
Kansas City Supplemental Coalition RLF Grant	\$1,000,000.00		\$719,365.00
<b>TOTALS</b>	<b>\$9,650,108.00</b>	<b>\$315,067.00</b>	<b>\$4,454,192.00</b>

**Coalition Grants:** The City is lead agency for a coalition including the Unified Government of Wyandotte County/Kansas City, KS, and Jackson County, MO. The Coalition RLF Grants provide funds for eligible cleanup projects in any of the member jurisdiction. Coalition members entered into a memorandum of agreement (MOA) that requires grant funds be equitably allocated in the region.

**Loan Assistance:** The City may loan RLF funds to eligible borrowers for the cleanup of eligible sites. Loans are provided for a minimum amount of \$100,000 up to a maximum of available RLF loan capital. The interest rate is 3% minimum for a term of up to 5 years. Lower Interest rates (to 0%) and longer terms may be approved the risk to the RLF program is outweighed by the expected benefits of the cleanup and redevelopment to the community and environment.

**Subgrant Assistance:** The City may also make subgrants to eligible public and non-profit entities for the cleanup of eligible sites. Subgrants may not exceed \$500,000 or available funds, and lower limits under specific grants may apply. Applicants are strongly encouraged to match subgrant assistance with RLF to provide subgrant assistance to as many projects as possible.

**Local Cost Share:** Recipients of RLF loans and subgrants from non-supplemental RLF grants must provide a minimum twenty percent (20%) local cost share. Local cost share expenses must qualify as eligible cleanup costs of the project and cannot include land value, ineligible construction, renovation or administration costs. Borrowers and subgrant recipients may apply for a waiver of the cost share and such waiver may be granted by the City upon demonstration of hardship to the borrower and overriding public benefits that would result from the cleanup and redevelopment. Supplemental RLF loans and subgrants do not require a local cost share.

**Applicant Eligibility (For Loans):** Public or private entities (including non-profits, community development corporations, private companies, development agencies, etc.) who have control or access to a contaminated property and are not responsible for the site contamination may **borrow** RLF funds for cleanup. In most cases, an RLF applicant must have performed appropriate "environmental due diligence" prior to acquiring the property, usually through a Phase I environmental site assessment (ESA) dated no more than 180 prior to the closing date.<sup>1</sup>

**Applicant Eligibility (For Subgrants):** Recipients of RLF subgrants must be either a *governmental, quasi-governmental (public authorities, commissions, agencies, etc.), or a non-profit organization (i.e., 501(c)(3)), and own the contaminated property, and not be responsible for the site contamination.* Again, in most cases, a subgrant recipient must have performed appropriate

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<sup>1</sup> See the EPA Rule on All Appropriate Inquiries (Title 40 Code of Federal Regulations, Part 312).

“environmental due diligence” prior to acquiring the property, usually through a Phase I ESA dated no more than 180 prior to the closing date.

**Other requirements:** The site cannot be federally-owned, cannot be the subject of a state or federal environmental investigation or enforcement action, and cannot pose an imminent danger to health or the environment. Sites must be enrolled into the Brownfields Voluntary Cleanup Program (BVCP) through the Missouri Department of Natural Resources. Other requirements include an Analysis of Brownfield Cleanup Alternatives (ABCA), a 30 day minimum public notice and comment period, and Davis-Bacon Act wage requirements.

**Process:** The Brownfields Commission, an advisory body whose members are appointed by the Mayor, reviews RLF applications and evaluates projects using an established set of criteria (below) and makes a recommendation to the City on whether to award RLF funding. The City, through the Department of City Planning and Development and its Director, reviews public input and the Commission recommendation and decides whether to approve RLF assistance. (Note: City Council approval by ordinance is also required for RLF commitments in excess of \$100,000.)

For RLF loans, a Fund Manager is appointed to provide loan underwriting services to evaluate loan applications for basic financial soundness of the applicant and the proposed redevelopment project, and whether there is a reasonable likelihood that the borrower can repay the loan. RLF funds are disbursed on a reimbursement basis upon approval of receipts for work properly documented and performed on approved cleanup plans.

**Evaluation Criteria:** Loan and subgrant applicants are expected to meet the following criteria:

- 1) *the cleanup will be protective of human health and the environment;*
- 2) *the applicant has financial need of assistance;*
- 3) *the applicant welcomes community involvement;*
- 4) *the proposed cleanup and redevelopment is technically and financially feasible;*
- 5) *the applicant has the capacity, expertise, and financial means to perform the project, or at least a reasonable strategy for meeting these requisites, and;*
- 6) *the project will result in significant economic, environmental and social benefits.*

**Petroleum Sites:** Additional requirements apply for petroleum sites (i.e., current or former filling stations, garages, etc.) State officials must confirm that the site does not pose a “high” risk, and that there is not a financially viable party that is responsible for the contamination.

**Application Deadline:** The City accepts RLF requests year round on a “first-come, first-served” basis for as long as fund capital remain available.

**Timing:** Depending upon the complexity of the site and project, the process to review and approve a loan or subgrant application takes about 90 days.

**Probability of Funding:** This is a discretionary program. However, the probability of funding is enhanced to the extent that an application meets the eligibility requirements, the evaluation criteria are reasonably addressed, the Brownfields Commission favorably recommends assistance, the EDLC (in the case of loans) confirms the basic financial soundness of the borrower and loan project and the sufficiency of collateral, public input is not unfavorable, and there remains a sufficient balance of available RLF grant funds,

**Exception:** Brownfield requests may be tabled while other City approvals or incentives are under consideration, such as Urban Renewal Plans, Tax Increment Financing (TIF) Districts, or other necessary action by the City Council or other public bodies.