New York’s Billion-Dollar Brownfields

An Environmental Advocates of New York Analysis

November 2013
This is Environmental Advocates of New York’s third analysis of tax incentives associated with the New York State Brownfield Cleanup Program. Our 2013 analysis of these tax incentives reveals that after spending $1.14 billion out of pocket, New York State has cleaned up only 131 sites. Additionally, millions of dollars are promised to already-cleaned up sites that have yet to claim credits, with thousands of contaminated sites languishing across the state.

Our review of community demographics and tax credit data from 2008-2012 reveals that the state’s poorly targeted tax credits are not directed to the communities most in need of state investment and clean-up. And none of these tax dollars are attached to standard accountability measures like job creation.

In short, while it is critical these environmentally toxic sites be cleaned up and put back into use, New York’s Brownfield Cleanup Program can be summed up in two words: costly and off-target.

The price tag continues to grow. Of the 131 cleanups completed, 82 projects claimed tax credits between 2008-2012.\(^1\)

From 2006 through 2012, New York taxpayers spent more than $1.14 billion on Brownfield Cleanup Program Tax Credits and many completed projects have yet to collect from the state, further increasing the program’s short-term costs.

Additionally, projects claiming tax credits are rarely located in areas of high unemployment, high poverty, or communities of color where public incentives are most needed to attract new development.
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Most Recent Data
In 2012, 42 sites claimed brownfield tax credits totaling $108 million. This includes 14 sites that have not claimed credits in previous years, whose locations have been integrated into our updated demographic analysis. Redevelopment credits, for buildings placed on properties after remediation has been completed, made up 89 percent of all tax credits claimed. 52 percent of all tax credits were claimed by a mall located outside of a census tract with elevated poverty and unemployment rates. This site entered the program prior to 2008 when project tax caps were instituted. New York State taxpayers are still on the hook for the largesse of previous payouts to developers.

Detailed Findings
State spending to clean-up contaminated former industrial sites or “brownfields” has cost New York taxpayers $1.14 billion. This price tag is largely the product of tax incentives based on the value of buildings placed on the redeveloped lot, not on the clean-up costs. Our research shows that almost 60 percent of projects that have claimed tax credits are located in areas with unemployment levels of less than 10 percent, and 60 percent of projects are located in areas that have less than a 20 percent poverty rate among families. Additionally, less than one-third of projects are located in predominantly African American and/or Latino neighborhoods.
Target redevelopment tax credits in neighborhoods in need of public incentives to attract private investment.

Establish redevelopment tax credit eligibility criteria such as; whether the site is located in an economically disadvantaged area, the site is being developed to conform to community planning, or the property’s value is upside-down.

Separate eligibility for state certified cleanups from eligibility for redevelopment tax credits.

Extend Brownfield Cleanup Program tax credits for 10 years to provide program certainty.
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Project Description
Environmental Advocates of New York combined data from the New York State Department of Taxation & Finance annual reports with project information from the Department of Environmental Conservation’s (DEC) Environmental Site Remediation Database to compile a list of sites that have received Certificates of Completion and have filed claims for tax credits. We overlaid this data with 2010 Census statistics on income levels and demographics.

The average unemployment rate for New York State is currently 7.6 percent (Bureau of Labor Statistics).

The poverty rate for families in New York is 11.5 percent (2010 Census). Forty-four percent of New Yorkers are people of color (2010 Census).

About
For more than 40 years, Environmental Advocates of New York has defended New York’s air, water, landscapes, wildlife, and community health. We have been at the center of every major environmental issue since 1969, monitoring state government, evaluating proposed laws, fostering collaboration across the environmental community, and championing practices and politics that ensure responsible stewardship of our shared environment.

End Notes

2. An $87 million amended claim filed by Empire Gen Holdings is calculated in the claim’s original tax year not in 2012 data.


4. An $87 million claim made in 2012 amending a 2011 claim is included in the 2011 yearly total; the year the claim was first recognized as a liability to the state.