Ohio CWSRF Provides Loans to Brownfield Remediation Projects

Since its inception in December 1996, Ohio’s Voluntary Action Program (VAP) has used $8.8 million in CWSRF loans to support brownfields remediation. The VAP encourages the reuse of brownfield sites by specifying cleanup standards and releasing owners of sites from further liability when standards are met. The state has encouraged participation in the VAP and the improvement of Ohio’s water resources by offering CWSRF low-interest loans to projects that will result in water quality benefits to surface water or groundwater.

Ohio’s industrial heritage has left the state with a legacy of contaminated land that, prior to the creation of the Voluntary Action Program, sat idle for fear of liability and high cleanup costs. CWSRF loans, as part of the Voluntary Action Program, provide an incentive to overcome the barriers to redeveloping commercial land. Development is directed to underutilized commercial land instead of open spaces.

Ohio has provided CWSRF loans to twelve brownfield remediation projects. Eight loans, for $8.5 million, have funded actual cleanup activities. Four loans for $320,000 have funded Phase II assessment activities (site tests to confirm the location and identity of environmental hazards). Phase I assessment activities (historical record searches) are also eligible for funding.

In one example, Barberton Laundry and Cleaning, a small company in Barberton, Ohio, received CWSRF financing to undertake Phase II site assessment work.

Soil and groundwater sampling determined the extent of existing contamination and the scope of remedial activities needed to prepare the site for reuse. The loan recipient will use a revenue stream from accounts receivable to repay the loan. Inventory and cash provide additional collateral. Private lenders were unwilling to finance this assessment work.

In another example, the Grant Realty Company received CWSRF financing for the cleanup of a 20-acre industrial site in Cleveland to prepare the site for industrial reuse. Contaminated soil and groundwater were remediated using vapor extraction and dual phase vacuum extraction technologies. Grant Realty will use income from a tank cleaning operation to repay the loan, and personal loan guarantees and a second position mortgage will provide additional collateral.

These loans from Ohio’s Water Pollution Loan Control Fund address nonpoint source pollution and are consistent with the state’s Nonpoint Source Management Plan. Brownfield water quality loans are offered for five years with an interest rate of 3.2 percent. 20-year loans are offered at a rate indexed 1.25 percentage points below the 20-year GO bond market rate. Other terms and conditions can be negotiated based upon the specific project and the recipient’s needs.

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