

## CZCPA Economic Effect Work Group

**Initial Scope Issue #1: Options for determining the “existing or previous use” for which the “economic effect” must be estimated by the applicant.**

**Summary Overview:** The CZA section 7014(c)(1) states that “economic effect of the existing or previous use” should be considered in assessing a conversion permit application. This issue paper discusses options for how applicants determine reporting relevant “**existing or previous**” uses. Defining relevant “use” is described in Issue #2; Defining “economic effect” is described in Issue #3. *This paper assumes that ongoing cleanup activities would not be considered relevant for applicants to report.*

**For sites with ongoing economic activities (other than cleanup activities):**

**Option 1: Economic effect of “existing or previous” use would include only effect of existing uses.** For sites with ongoing economic activities, report ongoing uses. Previous uses would not be reported.

**Option 2: Economic effect of “existing or previous” use would include effect on existing use and previous use.** For sites with ongoing economic activities, active sites would report ongoing as well as previous economic effect. The specific parameters of reporting of previous use would need to be further refined if this option was selected. However, the Work Group does not recommend this option because it is impractical, burdensome, and does not provide useful economic information to decision makers, as discussed below.

**For abandoned or inactive industrial sites (other than cleanup activities):**

**Option 1: Economic effect of “existing or previous use” would be reported as “none” or “zero.”** For sites with no active heavy industry uses, the applicant would report zero economic effect of “existing or previous use.”

**Option 2: Economic effect of “existing or previous use” reported as current property taxes.** For sites with no active heavy industry uses, the applicant would report zero economic effect of previous use but would report current property tax payments.

**Option 3: Economic effect of “existing or previous use” reported as previous use.** For sites with no active heavy industry uses, the applicant would provide effect of previous uses. The specific parameters of reporting of previous use would need to be further refined if this option was selected.

**Additional Information:** For Existing uses, providing a specified timeframe (e.g., over the past 3 years) may be useful. This issue should align with decisions being made by the Environmental Impact Work Group, because the statutory language includes environmental impact and economic effect.

**Summary of Pros and Cons of Options for Economic Effect Initial Scope Issue #1**

Type of Site	Option	Pros	Cons
<b>Active</b>	1: Economic effect of “existing or previous” use would include only effect of existing uses.	Most practical option for the applicant. Data should be readily available.	Would not report previous use.
	2: Economic effect of “existing or previous” use would include effect on existing use <u>and previous use</u> .	Most complete reporting of data.	Likely impractical and burdensome for the applicant. May not provide useful economic information to decision makers on economic effect
<b>Inactive/ Abandoned</b>	1: Economic effect of “existing or previous use” would be reported as “none” or “zero.”	Convenient for applicant. Most logical for measuring economic effect other than missing property tax reporting.	Would not report previous use.
	2: Economic effect of “existing or previous use” reported as current property taxes.	Property taxes data should be readily available to applicant. Would enable state to understand change in expected property taxes from redevelopment. Most logical for measuring economic effect.	Would not report previous use.
	3: Economic effect of “existing or previous use” reported as previous use.	Most complete reporting of data.	Likely impractical and burdensome for the applicant. May not provide useful economic information to decision makers on economic effect.

## CZCPA Economic Effect Work Group

**Initial Scope Issue #2: Options for identifying specific assumptions, sources of data, or other information to be used by the Applicant to develop economic effect estimates for “existing or previous use”.**

**Summary Overview:** The CZA section 7014(c)(1) states that “economic effect of the “existing or previous use” should be considered in assessing a conversion permit application. However, “use” is not defined in the CZA. This issue paper discusses four options for defining the scope of relevant economic uses that should be reported and the geographic boundaries of those uses. *As in Issue #1, this paper assumes that ongoing cleanup activities would not be considered relevant for applicants to report.*

**Option 1: Include all heavy industry use of property in permit boundary.** Report economic effect of existing or previous heavy industry use within permit boundary.

**Option 2: Include all commercial or industrial uses of property in permit boundary.** Report economic effect of all types of existing or previous economic activities within permit boundary.

**Option 3: Include heavy industry use of property in parcel boundary.** Report economic effect of ongoing heavy industry use within parcel boundary.

**Option 4: Include all commercial or industrial uses of property in parcel boundary.** Report economic effect of all types of existing or previous activities within parcel boundary.

**Summary of Pros and Cons of Options for Economic Effect Initial Scope Issue #2**

Option	Pros	Cons
1: Include all <u>heavy industry use</u> of property in <u>permit</u> boundary	Seems most aligned with statutory language.	May omit mention of other existing activities on the site, e.g., office building, that may lost or replaced with redevelopment.  Limiting reporting to permit boundary may require applicants to estimate metrics for site area.
2: Include <u>all</u> commercial or industrial uses of property in <u>permit</u> boundary	Captures other existing types of economic activities that may occur at the site.	May be less aligned with statutory language.  Limiting reporting to permit boundary may require applicants to estimate metrics for site area.
1: Include <u>heavy industry use</u> of property in <u>parcel</u> boundary	Heavy industry reporting seems aligned with statutory language; reporting metrics at parcel level may be easier for applicant (e.g. employment).	May overstate previous/existing use effect.
2: Include <u>all</u> commercial or industrial uses of property in <u>parcel</u> boundary.	Captures other existing types of economic activities that may occur at the site; Reporting metrics at parcel level may be easier for applicant (e.g. employment).	May overstate previous/existing use effect.

## CZCPA Economic Effect Work Group

**Initial Scope Issue #4: Options for how applicants can estimate “economic effect” in a manner that, at the very least, addresses the economic effect “components” identified §7004(b)(2)**

**Summary Overview:** The CZA section 7014(c)(1) states that “economic effect of the existing or previous use” should be considered in assessing a conversion permit application. The section states that the reported form must include items from section 7004(b), which includes:

- the number of jobs created;
- the income which will be generated by the wages and salaries of these jobs in relation to the amount of land required; and
- the amount of tax revenues potentially accruing to state and local government.

This issue paper discusses whether only these “economic effect” should be reported or whether additional metrics should also be reported.

**Option 1:** Ask applicants to report direct jobs created, income generated, and tax revenues as required under the statute.

**Option 2:** Ask applicants to estimate additional indirect/induced measures of regional effect associated with direct jobs created, income generated, and tax revenues.

**Option 3:** Ask applicants to report additional direct measures of economic effect that would allow analysts to more fully assess the economic effect of projects.

**Option 4:** Ask applicants to report additional direct/indirect/induced measures of economic effect that would allow analysts to more fully assess the economic effect of projects.

**Summary of Pros and Cons of Options for Economic Effect Initial Scope Issue #4**

Option	Pros	Cons
Ask applicants to report <u>direct</u> jobs created, income generated, and tax revenues as required under the statute.	<p>Easiest to report for applicant because this meets minimum statutory requirements.</p> <p>Specifying direct metrics would be most likely to be accurate.</p> <p>Some existing/previous metrics could be verified with state reporting agencies.</p>	<p>Does not capture regional economic effect.</p> <p>Requires forecasting by applicants for impacts of new activity (could allow a range to be provided).[this is unavoidable]</p>
Ask applicants to estimate direct <u>and indirect/induced</u> measures of regional effect associated with direct jobs created, income generated, and tax revenues.	Would provide additional measures to enable the state to understand larger implications of redevelopment activities.	<p>Requires assumptions on behalf of applicants that may not be verifiable.</p> <p>Could result in inconsistent reporting across applicants, making estimates more difficult to compare.</p> <p>Requires forecasting by applicants for impacts of new activity (could allow a range to be provided).[this is unavoidable].</p> <p>Analysis of regional economic effect could be assessed for all activities by state for consistency.</p>
Ask applicants to report additional <u>direct</u> measures of economic effect that would allow analysts to more fully assess the economic effect of projects.	Requesting additional reporting of metrics would enable state analysts to more fully understand economic implications of projects.	<p>More work for applicant.</p> <p>Requires forecasting by applicants for impacts of new activity (could allow a range to be provided).[this is unavoidable]</p>
Ask applicants to report additional <u>direct/indirect/induced</u> measures of economic effect that would allow analysts to more fully assess the economic effect of projects.	<p>Requesting additional reporting of metrics would enable state analysts to more fully understand economic implications of projects.</p> <p>Would provide additional measures to enable the state to understand larger implications of redevelopment activities.</p>	<p>Requires assumptions on behalf of applicants that may not be verifiable.</p> <p>Could result in inconsistent reporting across applicants, making estimates more difficult to compare.</p> <p>Requires forecasting by applicants for impacts of new activity (could allow a range to be provided).[this is unavoidable]</p>