

Momentary Funding Freeze Gives Brownfields Pause

By **Emma Kennedy**

Law360 (January 29, 2025, 7:19 PM EST) -- President Donald Trump's turbulent 48-hour federal funding freeze sent ripples through the brownfields industry, with developers — who often rely on the federal government as a major funding partner — unsure of the future feasibility of their projects.



Brownfield developers in public-private partnerships with cities and other entities are primary recipients of federal brownfield funding through the EPA, funding that may also be passed on to grant recipients and used in the private investment community via tax credits. (iStock.com/helivideo)

Even though that order was rescinded Wednesday afternoon, attorneys say the threat of losing such a significant portion of the remediation capital stack coupled with the administration's broader efforts to restrict federal spending and communications has led to advising a wait-and-see approach to clients.

"When you have a major partner like the federal government who was at the table summarily take all of its chips and go home, it's at best confusing," said Michael Goldstein, managing partner of the Goldstein Environmental Law Firm PA.

Daniella Landers, a Womble Bond Dickinson partner, said she's been fielding a flurry of emails from clients, especially those who have ongoing partnerships with the U.S. Environmental Protection Agency. Those clients are now trying to forge ahead through a new landscape that includes a widely reported directive for the agency to cease most external communication.

"It's not just funding, it's communication, it's everything related to finishing up a project — you need money, you need to communicate, you need permanence and closure," she said. "The Environment and Natural Resources Division has been ordered to freeze all their activities, so there's some concern about how these projects are

going to move forward if we can't really communicate on closure."

The funding freeze, while brief, coupled with a promise to review spending going forward and communications slowdowns are perhaps most concerning to the brownfield developers in public-private partnerships with cities and other entities. Those partnerships are the primary recipients of federal brownfield funding through the EPA.

Some states receive brownfield program-related funding from the federal government that is passed on to grant recipients, too. The wider private investment community tends to use **tax credits** from statutes like the Inflation Reduction Act of 2022 to fund their projects. The IRA is also on the administration's radar for rollbacks.

"The money that comes through EPA for environmental redevelopment, and other sister federal agencies in brownfields partnerships like [U.S. Department of Housing and Urban Development], the [U.S. Department of Transportation], the economic development administration, this money is existential and without it, projects fail," Goldstein said. "Many times the grant funding is a requirement of equity, and other times the grant commitment provides the level of venture confidence that other participants and stakeholders need to proceed."

As developer clients move forward in an environment where a funding freeze isn't immediately on the table but in the federal administration's purview, attorneys generally seem to be advising a deep breath and proceeding with caution. Many clients believe the Trump administration to be generally real estate-friendly, according to Holland & Knight LLP partner Meaghan Colligan, and given the traditional bipartisanship of the brownfields program's history, there's confidence it will continue in some capacity.

"I think there's also a historical grounding that the industry can rely on with the Trump administration, even if there are a few weeks of confusion," Colligan said.

The clients whose projects are underway or are expecting funding in the near-term are the most in flux, Womble Bond's Landers said, but developers and attorneys don't have much control for now.

"There are a number of balls in the air right now, and one of the things I'm telling clients is there's nothing we can do," she said. "We have to continue with what we're doing for now to the extent we can and just recognize that there's going to be a couple of delays related to this transition period."

--Editing by Dave Trumbore.