

Testimony before the Committee on Environment and Public Works

*“Oversight Hearing on the Brownfields Program –
Cleaning Up and Rebuilding Communities.”*

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Good morning, Madam Chairwoman and Members of the Committee.ⁱ I am Evans Paull, Executive Director of the National Brownfields Coalition. Our organization appreciates the opportunity to testify in relation to the topic of today's hearing, the "Brownfields Program – Cleaning Up and Rebuilding Communities." The National Brownfields Coalition represents national, local, and public and private organizations that share the goal of promoting brownfields redevelopment as a means of achieving community economic revitalization, sustainable growth and development, and environmental restoration of land. Some of our diverse national members include: the US Conference of Mayors; Smart Growth America; NAIOP, the Commercial Real Estate Development Association; and the Trust for Public Land.

I wanted to start today by calling your attention to brownfields community turn-around projects that have been carried out in some of the states that are represented on this Committee. There is a recurring theme that I want to stress. EPA brownfields funds, although modest in the larger picture of multi-million dollar redevelopment projects, are often the first funds in to help communities lay the groundwork for turning blighted contaminated properties into new community assets. It would be hard to overstate the importance of these critical resources – EPA funds essentially function to allay fears of the unknown, and then, once known, the funds work in concert with state and local resources to counter the extra costs of redeveloping brownfields. The payoffs from these modest investments in leveling the playing field are enormous, because it's not just about cleaning up and redeveloping X, Y, and Z site. It's also about enabling communities to re-position their economies, taking the failed industries of the past and retooling those sites to enable future growth and improved quality of life.

Nebraska

In *Omaha* EPA site assessment funding for three key waterfront properties has paved the way for 750 jobs and \$140 million in new investment, including: the Gallup Corporation's world operational headquarters; and a riverfront trail that will enable the local populations to enjoy 64 miles of newly-accessible riverfront property.

In *Sarpy County* economic development officials are hinging a big piece of the area's economic future on the 954-acre PCS Nitrogen Fertilizer site, where a 2008 brownfields site assessment has turned an unknown into a predictable cost for a future industrial employment-generating use.

In *Lincoln* an EPA site assessment of the 41-acre property at 16th and O Streets later led to a \$19 million retail redevelopment project that replaced abandoned dilapidated property and produced 425 jobs.



Arkansas

In **Little Rock** an EPA site assessment of a Union Pacific rail yard near downtown paid dividends in 2006 when Heifer International chose to locate their world headquarters on the 4.2 acre site, bringing 225 jobs and 225,000 visitors to Little Rock. Heifer International is a non-profit world food organization.

Two 2011 site assessment grants will target properties in **Little Rock** and **North Little Rock's** disadvantaged Empowerment Zone communities. Other Arkansas communities benefitting from EPA Brownfields grants include **Camden, Helena, and Pine Bluff**.



Heifer International, Little Rock

Louisiana

In **Shreveport**, 60 employees have new manufacturing jobs at the refurbished HICA Steel Castings plant due, in part, to an EPA site assessment grant. The former HICA steel foundry closed in the mid-1990's and contamination issues had complicated interest in reviving the plant. The site assessment grant led to a cleanup (funded largely by the previous owner) and paved the way for the new manufacturing operation.

In **New Orleans**, an EPA site assessment helped unlock the hidden potential of the Falstaff Brewery, which had been vacant for 30 years. The dilapidated property was transformed into 147 mixed income apartments in 2008. This pioneering investment helped lead to a revival of the Tulane Avenue corridor, as four more redevelopment projects, totaling 700 units, took form between 2008 and 2010.



Falstaff Brewery, New Orleans

The American Can redevelopment, which is often cited as a model for historic preservation, was brought back to life as 268 apartments and 20,000 sq ft of commercial space. The brownfields tax expensing program was part of the incentive package that leveraged this community-altering investment.



American Can, New Orleans

These projects, especially the Heifer International in Little Rock, the Gallup headquarters in Omaha, and the Falstaff Brewery/Tulane corridor revival in New Orleans, are examples of EPA investments that have been instrumental in truly transformative redevelopment projects. However, as important as that point is, the takeaway I want to stress is that in each case the EPA funds were injected several

years before the actual redevelopment. This reinforces that we have to keep making these investments, even in an economic slowdown. Then, when economy picks up, we will have development-ready sites, and the reward will be more community-altering redevelopment projects.

Demonstrated Success but Challenges Remain

These projects are just a few of the brownfields investments that are replacing lost jobs and tax revenue with vibrant new uses on sites where closed industrial plants have left a legacy of blight and contamination. Brownfields investments are the perfect example of the principle that environmental improvements can also be good for the economy, generate jobs, and spur community revitalization. In a report that compiled results from ten studies, the Northeast-Midwest Institute (NEMW) concluded that, on average, \$1 of public investments (from all sources) in brownfields leverages \$8 in total investment.¹ EPA reports that, on average, \$18.29 is leveraged for each EPA Brownfields dollar expended at a brownfield.

Efficient Job Producer – As a job producing strategy, brownfields investments produce jobs in three rounds – first, in cleaning up the land; second, in vertical construction; and third, by producing permanent reuse jobs. The previously-cited NEMW report analyzed jobs leveraged and concluded that it takes only \$10,000 to \$13,000 in public investment in brownfields site improvements to produce one permanent job (the federal standard for several job creation programs is \$35,000 per job). The latest U.S. Conference of Mayor's (USCM) brownfields survey indicates that 230,223 new jobs could be created just on the brownfields sites in 106 respondent cities. Fifty-four cities said that 161,880 jobs have already been created through the redevelopment of 2,118 sites, with 64,730 jobs in the pre-development/remediation stage and 97,150 permanent jobs.²

The EPA Brownfields program reports that their investments in site assessments and cleanups have produced 72,400 jobs since the program's inception.³

Environmental Benefits – Brownfields investments produce direct benefits by cleaning up contaminated land, thereby improving public health. EPA data⁴ also indicates that there are indirect benefits of brownfields redevelopment, including:

- *Saving land from destructive sprawl development* – One acre of redeveloped brownfields equates to 4.5 acres of "saved" greenfields (or more than 45,000 acres in the cities surveyed, above).
- *Contribution to air quality objectives* – EPA studies have concluded that brownfields redevelopment saves 32 to 57 percent Vehicle Miles Traveled (VMT's) relative to comparable greenfields sites.

¹ Northeast-Midwest Institute, "The Environmental and Economic Impacts of Brownfields Redevelopment," July, 2008. (<http://www.nemw.org/images/stories/documents/EnvironEconImpactsBFRedev.pdf>)

² See: <http://www.usmayors.org/pressreleases/uploads/November2010BFreport.pdf>

³ See: http://epa.gov/brownfields/overview/brownfields_benefits_postcard.pdf

⁴ See: http://epa.gov/brownfields/overview/brownfields_benefits_postcard.pdf

- *Contribution to Water Quality Objectives* – EPA data also indicate that brownfield redevelopment produces an estimated 47 to 62 percent reduction in stormwater runoff relative to greenfields development.

Unmet Needs: Vast Reservoir of Brownfields Sites – Cities and towns are still struggling to overcome contamination-related impediments on an estimated 450,000 to one million sites.⁵ The previously cited NEMW impact report concluded that the pace of cleanups is addressing, at best, 1.4 percent of the sites, annually.

The previously-cited USCM survey also reflects on the vast potential for brownfields sites to restore fiscal health to cities – 75 respondent cities indicated that redeveloping their brownfields sites would add up to \$1.66 billion to local government coffers. Local governments consistently rank “lack of cleanup funds” as the number one impediment to brownfields redevelopment.

Do Brownfields Investments Make Sense in a Recession? A recession is actually good timing for brownfields investments. Public expenditures in site assessments and cleanups are far-sighted investments in future responsible growth -- more brownfields sites will be “development-ready,” and future growth can be steered to land where infrastructure is in place, existing communities can be revitalized, and the negative externalities associated with sprawl can be avoided.

Reauthorize the EPA Brownfields Program

The original authorization of the EPA Brownfields Program expired at the end of 2006. The need to reauthorize the program is an opportunity for Congress to include provisions which would strengthen the program by providing additional tools and resources for communities working to redevelop their brownfields, including:

Funding that Meets America’s Brownfields Needs

1. ***Increase Total Brownfield Grant Program Funding*** – Congress should increase overall EPA funding for brownfields grants. Currently EPA can fund only about one in three of qualified applications. While funding levels of at least \$600 million annually are needed and easily justified, the Coalition can support modest funding increases based on inflation adjustment of the 2002 authorization level (\$250 million), which translates to \$330 million in FY 2012. Then levels should rise 3 percent annually to \$361 million in FY 2016.
2. ***Increase Cleanup Grant Amounts*** – Congress should recognize the complexity of the cleanup process at larger or more complicated sites by increasing the funding ceiling for cleanup grants to \$1 million. Under special circumstances, EPA could waive the limit and go up to \$2 million per site.

Making Brownfields Grants More Productive at the Local Level

⁵ US General Accounting Office, “Brownfield Redevelopment, Stakeholders Report...,” December, 2004

1. ***Establish Multi-Purpose Brownfield Grants*** – Congress should allow eligible entities to have the option to apply for multi-purpose grants that can be used for the full range of brownfield-funded activities (assessment, cleanup, reuse planning, etc.) on an area-wide or community-wide basis. Such multi-purpose grants should be available in grant amounts of up to \$1.5 million. Applicants would be required to demonstrate a plan and the capacity for using this multi-purpose funding within a set timeline.
2. ***Establish Pilots for Sustainable Reuse and Alternative Energy on Brownfields*** – Congress should authorize \$30 million for pilots that demonstrate sustainable reuse, green buildings, and alternative energy. Pilots should allow use of funds for site assessments, cleanup, site and area-wide planning, feasibility analysis, and engineering studies related to environmentally beneficial site improvements, such as, high performance/green buildings, green infrastructure, ecosystem restoration, and/or renewable energy production.
3. ***Facilitate Petroleum/UST Brownfield Cleanups*** – Grantees that seek to use assessment, cleanup or multi-purpose grants on sites with petroleum contamination should not be required to make the difficult demonstrations that the site is “low risk” and that there is “no viable responsible party” connected with the site. Replace the “No Viable Responsible Party” language with a PRP prohibition on using funds to pay for cleanup costs at a brownfields site for which the recipient of the grant is potentially liable under the petroleum statutes (parallels the language for non-petroleum brownfields sites).
4. ***Clarify Eligibility of Publicly-Owned Sites Acquired Before 2002*** – Congress should allow local government applicants to obtain funding at publicly owned sites acquired prior to the January 11, 2002 enactment of the Brownfields Revitalization Act, provided that the applicant did not cause or contribute to the contamination. For these sites, applicants would not have to demonstrate that they performed all appropriate inquiry.
5. ***Clarify that Non-Profits are Eligible for Assessment and RLF Grants*** – Congress should clarify that non-profits and related community development entities are eligible to receive brownfields assessment, cleanup, revolving loan fund, and job training grants. Currently non-profits are only eligible for cleanup and job training grants.

Improving Tools for Local Government to Address Mothballed Brownfield Sites and Long-Term Vacants

1. ***Clarify Current Law to Give Local Governments Greater Comfort in Acquiring Contaminated Properties*** – Congress should consider a clarification of the current law to give local governments greater comfort when they are acquiring properties through tax foreclosure.

Offering Assistance and Reduce Barriers to Brownfields Redevelopment in Disadvantaged Communities, Small Communities, and Rural Communities

1. *Capacity-Building for Disadvantaged Communities, Small Communities, and Rural Communities* – Congress should authorize EPA to use existing authorities, including technical assistance, training, loaned federal employees (under the Intergovernmental Personnel Act), and the retired volunteers (under the Senior Environmental Employment Program) to provide capacity-building for small, disadvantaged, and rural communities that need support to cleanup and revitalize brownfields.
2. *Allow Funding for Reasonable Administrative Costs for Local Brownfields Programs* – Brownfields grant recipients should be allowed to use EPA funds to offset a portion of indirect costs, thereby lowering the administrative burden for financially strapped disadvantaged and rural communities. The Coalition is unaware of any similar federal program that does not allow grantees to charge administrative costs.

Additional Long-Term Objectives

The 2002 reforms represented great progress in giving innocent parties comfort that they will not be impacted by future enforcement actions, unless they cause or exacerbate contamination. There are still a number of specific gaps, which the Brownfields Coalition recommends for future consideration, but those proposals are not part of the current reauthorization agenda.

Conclusion

The EPA Brownfields Program has been a vital resource for communities struggling with abandoned industrial and commercial property. As effective as the program has been, there are opportunities for significant improvements, many of which will not cost any additional funding. Let me be clear on this point: this program should be funded at a higher level, but, if increasing funding commitments is not possible in the current environment, Congress can still move the ball forward by reauthorizing the program and adopting modest changes to make the funds more flexible and productive at the local level.

ⁱ Note this version of the testimony differs slightly from the written testimony on record with the Committee. This version incorporates several oral comments that were not in the original written testimony.