

Brownfields Investments and Reforms for the 112th Congress

Federal Initiatives for Job Creation, Responsible Growth, and Economic Revitalization of Existing Communities

Demonstrated Success but Challenges Remain

Brownfields investments are working. These investments 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 in brownfields leverages \$8 in total investment.¹

Efficient Job Producer

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 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 Meanwhile, the U.S. Environmental Protection Agency's (EPA) Brownfields program reports that their investments in site assessments and cleanups have produced 66,500 jobs since the program's inception.³

Environmental Benefits

Brownfields investments produce direct benefits by cleaning up contaminated land and thereby improving public health. EPA data also indicate that there are indirect benefits of brownfields redevelopment.⁴ These benefits include:

- *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).
- *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. Available at <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 *Ibid.*

- *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

NEMW's 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.

Near-term legislative objectives and priorities

The following proposals have been adopted by the National Brownfields Coalition as recommended elements of a comprehensive program to maximize the role that brownfields redevelopment can play in promoting job creation, smart growth, sustainable development, and community revitalization.

1. Reauthorize the EPA Brownfields Program

The National Brownfields Coalition supports the following elements of a bill to reauthorize the EPA Brownfields Program.

A. Increase Overall Funding and Raise Cleanup Ceilings

- I. Higher Authorization Level – Raise authorization levels by applying an inflation factor to the 2002 authorization level (\$250 million), resulting in \$330 million in FY 2012. Then levels 3 percent annually to \$361 million in FY 2016.
- II. Higher Cleanup Grants – Recognize the complexity of the cleanup process at larger or more contaminated sites by increasing the funding ceiling for cleanup grants to \$1 million.

B. Make Grant Funds More Productive

- I. Multi-purpose Grants – Streamline the brownfields redevelopment process by allowing eligible entities to apply for multi-purpose grants – up to \$1.5 million – that can be used to address the full range of brownfields needs.
- II. Pilots for Sustainable and Alternative Energy Reuse – Establish a pilot program to demonstrate re-use of sites for model sustainability practices and alternative energy.

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

- III. Clarify and Expand Eligibility for Publicly-owned Sites – Clarify eligibility of sites acquired before 2002.
- IV. Eliminate Barriers to Using Petroleum Brownfields Funds – Eliminate extra eligibility hurdles for the petroleum sites.
- V. Expand Eligibility for Non-profits – Establish that non-profits are eligible for all three funding categories.

C. Spur Cleanup of Mothballed Sites by Local Government

- I. Expand CERCLA Exemption for Brownfield Acquisitions by Innocent Local and State Governments – In order to encourage aggressive action by local government to address long-standing vacant or mothballed sites, exempt local government from CERCLA liability if the government unit did not cause or contribute to contamination on the property, and exercises due care with regard to any known contamination at the site.

D. Offer Assistance and Reduce Barriers to Brownfields Redevelopment in Disadvantaged Communities, Small Communities, and Rural Communities

- I. Capacity-Building for Disadvantaged Communities, Small Communities, and Rural Communities – Authorize EPA to use existing authorities, including technical assistance, training, loaned federal employees and the retired volunteers to provide capacity-building for small, disadvantaged, and rural communities that need support to cleanup and revitalize brownfields.
- II. Allow Indirect Costs – Allow localities to use EPA funds to offset indirect costs, thereby lowering the administrative burden for financially strapped disadvantaged and rural communities

2. Support Brownfields-related Appropriations

- A. EPA Brownfields Funding.** Although authorized at \$250 million, the EPA program has been funded at between \$160 and \$175 million annually. The Coalition supports full funding to authorization level of \$250 million. If Congress reauthorizes the program, the Coalition recommends raising funding levels by applying an inflation factor to the 2002 authorization level (\$250 million), resulting in \$330 million in FY 2012. Then levels should rise 3 percent annually to \$361 million in FY 2016.
- B. Funding for HUD BEDI.** The Brownfields Economic Development Initiative (BEDI) program has been funded historically at about \$25 million annually, but for FY 06, 07, and 08 it was cut to \$10 million annually, then bumped up to \$17 million in FY 10. The program could reach far more communities if funding was restored to the \$25 million level, initially, and then raised incrementally to reach \$50 million annually.
- C. Funding for HUD 108.** HUD 108 was funded at a level of about \$6 million (leveraging \$275 million in loans) in FY 04 and FY 05. It was cut to \$4.0/\$3.0/\$4.5 million in FY 06, 07, and 08, respectively, but then brought back up to \$6 million for FY 09 and 10. The recommendation is to keep the \$6 million level.
- D. HUD Sustainable Communities and Catalytic Grant Programs.** The Coalition supports appropriations requests of \$150 million for both the Sustainable Communities Program and the Catalytic Communities Program.

3. Make a Connection between Brownfields and Energy Legislation

Renewable energy and green jobs incentives should give preference and/or offer accelerated benefits to facilities that are located on brownfield sites. Energy incentives and cap-and-trade proposals should encourage the reuse of brownfields sites for renewable energy, as well as recognize the particular energy saving aspects of brownfields mixed use projects, if they are both green/energysaving within the building envelope AND are located in smart growth areas where it can be predicted that VMTs will be reduced.

4. Improve Brownfields Tax Expensing Program

The Coalition recommends improving the current brownfields tax expensing program as follows:

- Make the tax expensing program permanent;
- Adopt a “carry forward” provision such that entities that have limited income at the time of remediation can still take advantage of the deduction when revenues later increase;
- Expand the qualifying cleanups to include toxic substances (e.g. lead paint and asbestos); and
- Eliminate the “Re-capture provision” for projects that meet certain sustainability objectives.

5. Strengthen the Tie-in Between Brownfields and New Markets Tax Credits

Currently a brownfields designation is one of a series of criteria used to determine if a proposed project complies for the “severely distressed” area designation. The Coalition recommends that a brownfields designation, in combination with the initial poverty area screening, would be sufficient to grant a “severely distressed” area designation.

Longer-term legislative objectives

1. De-link BEDI from HUD 108

The BEDI program could be far more useful if it was not limited to projects where cities are able to work out the difficult issues related to security for HUD 108 loans. BEDI should be a stand-alone program that can be linked to HUD 108 at the option of the applicant.

2. Establish a new Brownfields Income Tax Credit

The previously cited US General Accounting Office report reflected the judgment of brownfields stakeholders that a cleanup income tax credit “could complement EPA’s Brownfields Program by attracting developers to brownfield sites on a broader national basis.” The National Brownfields Coalition generally supports the approach proposed by Rep. Michael Turner (D-OH), which is a \$1 billion brownfields remediation tax credit program. Rep. Turner’s past proposals have offered a 50 percent credit for cleanup and related expenses on sites designated as eligible by the states.

3. Establish a Brownfields Loan Guarantee Program

With real estate lending continuing to be very problematic, a federal brownfields loan guarantee program could offer credit enhancement to transformative brownfields projects that combine sustainable development, community revitalization, and job growth elements.

Conclusion

These recommendations will maximize the role brownfields redevelopment can play in promoting job creation, smart growth, sustainable development, and community revitalization. We urge you to adopt these recommendations.

Sincerely,

National, Regional, and State Organizations

U.S. Conference of Mayors
National League of Cities
Smart Growth America
Trust for Public Land
NAIOP, the Commercial Real Estate Development Association
NADO (National Association of Development Organizations)
National Brownfields Association
LOCUS: Responsible Real Estate Developers and Investors
NALGEP (National Association of Local Government Environmental Professionals)
Environmental Bankers Association
Local Initiatives Support Corporation
Groundwork USA
Center for Creative Land re-Cycling
Brownfields Coalition of the Northeast
Florida Brownfields Association
Minnesota Brownfields
Colorado Brownfields Foundation
1,000 Friends of Wisconsin

Local Organizations

New York City
City of Milwaukee
City of Rochester
St. Paul Port Authority
Land of the Sky Regional Council of Governments
City of La Crosse WI
City of West Allis WI
Fond du Lac County WI

Private Partners

Terracon
Cardno-TBE
O'Neill Properties
Brownfields Redevelopment Solutions
Sustainable Strategies 2050
Godfrey & Kahn, Milwaukee
The Environmental Management Company
Vandewalle & Associates
Ayres Associates