Testimony by

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To the
Subcommittee on Water Resources and Environment

Revitalization of the Environmental Protection Agency's Brownfields Program

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To the Honorable Members of the Subcommittee on Water Resources and Environment:

Thank you for inviting me to testify today. My testimony focuses on the Environmental Protection Agency's Brownfields Program and how it can continue to be an effective tool in improving the quality of life for communities across the country.

Bethel New Life, Inc. is a faith-based community development corporation located on Chicago's Westside. Bethel began in 1979 as a housing ministry of Bethel Lutheran Church to rebuild neighborhoods left in ruins after the 1968 civil rights riots. Our mission is: "Realize God's vision of a restored society by empowering individuals, strengthening families, and building neighborhoods through community-driven, solution-oriented, and value-centered approaches." Bethel offers nearly 20 programs through four divisions – Community of Elders, Housing & Economic Development, Family & Individual Support, and Community Development.

Bethel is currently implementing a 5-year strategic plan to challenge these statistics and transform the entire Westside into a Community of Choice. A Community of Choice is one in which people choose to live, work and do business. It is a community that provides existing residents with services and resources found in any healthy, vibrant community while also providing amenities that attract future residents. To achieve this community concept, we will use a framework to help employ, invest, build and retain both residents and assets, while focusing on three main areas: 1.) Creating Sustainable Wealth for Families; 2.) Delivering Quality Affordable Housing; and 3.) Being a Catalyst for Lifelong Quality Education for All Residents.

Bethel is nationally known for its pioneering community development initiatives, especially in the arenas of sustainable urban community, smart growth in an urban context, and brownfields redevelopment. Bethel has been a part of the cleanup and redevelopment of seven brownfields sites in Chicago that have provided major economic stimuli to a low-income community.

As a result of this experience, Bethel staff has led workshops at U.S. EPA conferences, sustainable community conferences, and as a part of the environmental curriculum of the University of Delaware.

Our work in brownfield development is close to twenty years old. We recently celebrated the opening of a new transit oriented development project on a former brownfield. This development called the Bethel Center is a trend setting example of a transit oriented, neighborhood revitalization, LEED Gold building.

The Bethel Center is part of Bethel's overall Lake Pulaski Transit Village Plan, which wraps community resources around the Green Line transit. The Transit Village includes affordable energy-efficient homes; traffic calming strategies, bicycle racks, greening and parks, Brownfield redevelopment, commercial development, and close proximity to childcare, schools, shopping and jobs. So far, 70 energy-efficient homes have already been built throughout the community.

Bethel Center's Employment Services site provides job counseling, job placement and a community computer lab. It houses Bethel's second Child Development Center for 106 children,

offering affordable childcare to parents who work or attend school. Its six retail spaces provide the community with job opportunities and economic growth. Bethel Center also helps meet other community needs such as food services, dry cleaning, and starting in January 2006 — an alternative to currency exchanges and payday lenders through our upcoming Financial Services Center. The Bethel Center also provides visitors with direct access to Green Line "L" stop via a connecting bridge. The site makes adaptive reuse of a Brownfield, replacing an environmental hazard and eyesore with this smart, green building that is being hailed as a national model.

Bethel Center is a 23,000 sq. ft., two-story building with smart, green construction and a transit-orientated design. The ground floor houses six commercial retail shops including a Subway Restaurant, local dry cleaners, and our forthcoming Financial Services Center. The upper level houses our Childcare Development Center, Employment Services Center, and community computer lab. The total construction cost was $4.9 million, funded through grants and tax credits.

Our work around brownfield redevelopment has given us the opportunity to partner with the American Planning Association to train communities across the country on putting together brownfield remediation strategies. The American Planning Association is the recipient of a Brownfields Training, Research and Technical Assistance Grant from the U.S Environmental Protection Agency. Creating Community-Based Brownfields Redevelopment Strategies is a three-year initiative with the goal of helping community groups in low-income communities develop a new set of "eyes" to see brownfields sites as opportunities.

By creating a workbook and training program for community development corporations and similar groups, the project team intends to empower residents to actively and effectively participate in brownfields redevelopment and understand how different development strategies will benefit their communities.

APA's research department is undertaking this project, working in close collaboration with Bethel New Life, Inc. APA and Bethel are also working with the Center for Public Environmental Oversight (CPEO), an organization that promotes and facilitates public participation in environmental activities, including brownfields, to create the workbook.

Brownfields & Community Redevelopment

Nonprofit community development organizations are uniquely positioned in a number of key ways to revitalize communities through brownfield redevelopment. First, community based nonprofits have the long-term vision and active presence necessary to guide revitalization efforts that often last well beyond the limits of an election cycle. Second, nonprofits can serve a crucial role as a credible, neutral intermediary between the community and public and private entities, advocating for brownfield redevelopment projects that are in the interest of the public good, not just in the interest of a private developer. Third, nonprofits have the specialized brownfield knowledge to act as catalysts, managing and coordinating brownfield activities on behalf of, and in support of, community based organizations that would otherwise pass up these sites without the nonprofit's assistance. Lastly, nonprofits have the capacity to leverage brownfield funding with both private sector resources and with other public funds, including transit-oriented development, anti-sprawl, and smart growth program funds.

Community development corporations and redevelopment agencies recognize that there are inherent risks involved in cleaning up contaminated land and putting it back to productive use. This is why some level of public guarantee or incentive is necessary to bring developers and subsequent private investment dollars into each deal.

Community development corporations like Bethel New Life play a significant role in redeveloping contaminated brownfield sites. Localities depend on partnerships with CDCs because they are able to leverage limited public funding and create a larger more effective economic development tool by bringing private investment to these deals. Federal funding is typically used as seed money and serves to boost investor confidence in these risky development projects. Grants to states to form revolving loan funds are particularly attractive and allow states to make low interest loans to conduct brownfields cleanup activities on contaminated sites.

There are a few different sources of federal grant money that are key to brownfields redevelopment. The EPA and Department of Housing and Urban Development (HUD) have served as the primary federal agencies that dedicate resources to brownfields cleanup. There are four brownfields grant programs at EPA – brownfields assessment grants, brownfields revolving loan fund grants, brownfields job training grants and brownfields cleanup grants.

Recommended Priorities

Expand EPA Brownfield Grant Eligibility

The 2002 Brownfields Act made nonprofit organizations eligible for brownfield cleanup grants and job training grants. However, it did not make nonprofits eligible for assessment grants or Revolving Loan Fund (RLF) grants. The Brownfields Act should recognize the tremendous value that nonprofits—whether single-handedly or in partnerships — play in redeveloping brownfields by making nonprofit organizations and nonprofit-controlled entities eligible to receive brownfield assessment and RLF grants, along with cleanup and job training grants. This represents a lost opportunity to maximize these government resources by taking advantage of the community development and financing infrastructure that has developed over the last twenty years, and make more efficient use of public and nonprofit resources for successful brownfield redevelopment. Community Development Corporations (CDCs), Community Development Financial Institutions (CDFIs), and other nonprofit organizations have in place the infrastructure that will allow them to leverage these funds with other public and private resources and expeditiously deliver these resources to revitalize brownfields in struggling neighborhoods of all sizes.

CDFIs, CDCs, and many other nonprofits have established track records developing and implementing cutting edge brownfield remediation loan products and successfully navigating the complicated and multi-faceted world of brownfield development financing. Direct RLF grants to nonprofits would maximize the pre-existing community development finance infrastructure already in place (e.g. CDFIs) and make more efficient use of public and nonprofit resources for successful brownfield redevelopment.

The Brownfields Act should make nonprofit organizations and nonprofit-controlled entities eligible to receive brownfield assessment and RLF grants along with cleanup and job training grants. This change recognizes the tremendous value that nonprofits—whether single-handedly or in partnerships — play in redeveloping brownfields.

Improve Flexibility of EPA Brownfield Grant Site Ownership Requirements

The 2002 Brownfields Act requires site ownership as a condition of eligibility to receive direct brownfield remediation grants or revolving loan fund (RLF) sub-grants in order to ensure that the project moves forward and that responsible parties do not benefit from the grants. Many otherwise eligible entities are willing and able to obtain site control prior to purchase for the purpose of conducting remediation, but are reluctant to take ownership of contaminated brownfield properties prior to completion of remedial activities due to uncertain liability exposure. This represents a lost opportunity to revitalize many brownfield sites.

The Brownfields Act should give the EPA discretion to determine on a case-by-case basis the most appropriate timeline for site ownership so that the grantee may make the most productive us of direct remediation grant or RLF sub-grant funds in the remediation of the site they are purchasing. Similar to the expectation of site access in the case of site assessment grants, site control should be sufficient for remediation grant eligibility, so that the awarding of the grant or RLF sub-grant may provide the recipient with the financial comfort necessary to follow through with the cleanup and purchase.

Nonprofits nationally are involved directly in the cleanup and redevelopment of brownfield sites. Nonprofits often do not take direct, sole ownership of property for a variety of reasons:

1. A nonprofit will often form a Limited Liability Corporation (LLC) for the sole purpose of purchasing and developing a specific property because the nonprofit would not otherwise be able to assume the risks involved in property acquisition. The additional liability concerns on brownfields make the LLC structure critical to the nonprofit's ability to invest in such a site.
2. Two or more nonprofits will often form an LLC for the sole purpose of purchasing and developing a specific property because it is only through the pooling of the multiple parties' resources that the project can be successfully managed and financed.
3. A nonprofit housing developer will often form an LLC or a Limited Partnership (LP) with a for-profit financing institution for the sole purpose of taking advantage of various tax credits (i.e. affordable housing, new market, etc.) that the nonprofit would be unable to take advantage of on their own. The terms of the partnership are structured such that the financing partner's involvement is limited strictly to the receiving of tax credits in exchange for crucial up-front financing, without which many affordable housing projects would not be realized. The for-profit partner does not benefit directly from the development in any way, and the recommended amendment language ensures that all development-related management decisions lie exclusively in the hands of the nonprofit partner.

Expansion of EPA Brownfield Grant Eligibility to Include Community Development Entities

A Community Development Entity (CDE) is defined in section 45D(c)(1) of the Internal Revenue Code as any domestic corporation or partnership where (A) the primary mission of the entity is serving, or providing investment capital for, Low-Income Communities or Low-Income Persons; (B) the entity maintains accountability to residents of Low-Income Communities through their representation on any governing board of the entity or on any advisory board to the entity; and (C) the entity is certified by the Community Development Financial Institutions Fund of the U.S. Department of Treasury.

CDEs are the vehicle to deploy private capital, often for real estate development projects, raised through the New Markets Tax Credit program. The Treasury Department's rigorous certification requirements ensure that CDEs are operating first and foremost in the interest of the low-income communities in which they operate. CDEs are sophisticated organizations with strong track records that are well positioned to leverage EPA Assessment, Cleanup and Revolving Loan Fund grants with private capital to facilitate the redevelopment of brownfield sites for the benefit of low-income communities and persons.

Summary Recommendations

Reauthorizing EPA Brownfields Program
Reauthorize the 2001 Federal Brownfields Law. It is a crucial step to build on the success of the existing EPA Brownfields Program through increased, more flexible funding and the removal of other remaining barriers to brownfield revitalization.

Full Funding for EPA Brownfields Program
There has been demonstrated tremendous success of the EPA Brownfields Program and the compelling need in communities across the country to continue the work. This year it is particularly important for Congress to maintain funding for brownfield remediation in EPA's FY09 budget because the President's budget rescinds altogether the brownfields program at HUD. For the past three years (FY06, FY07 and FY08) the brownfields redevelopment program at HUD was funded at 10 million.

In FY09 the President has proposed $49.5 million for the Brownfields grant program to help states and tribes develop and enhance their response programs. This represents an increase of $772,000 for the grant program. In addition, the EPA budget provides for infrastructure and special projects, which includes the Brownfields Revolving Loan Fund. Total funding for these Brownfields environmental projects in FY09 is **$93.6 million** for grants for assessment activities, cleanup of contaminated sites and revolving loan funds.

	FY08 Budget	FY08 Enacted	FY09 Budget
Brownfields Projects:	$89.3 mm	$93.5 mm	$93.6 mm

De-Coupling BEDI and Section 108

The Brownfield Economic Development Initiative (BEDI) is a competitive grant program administered by the US Department of Housing and Urban Development (HUD) that targets brownfield redevelopment activities. De-coupling the BEDI program from HUD's Section 108 loan guarantee program, so that communities lacking the capacity to participate in the Section 108 program may receive BEDI grants.

Making Brownfield Expensing Incentive Permanent

Removal of the sunset date - thus making permanent - of the brownfield expensing incentive, which allows brownfield developers to fully deduct assessment and remediation costs from their taxable income in the year in which the expenses were incurred. The bill would also eliminate the recapture provision.

Browfields & Green Jobs

Brownfield Reclamation does fall in line with the new push for training in "green" jobs. They actually precede the current movement, which just passed in December under the Energy Independence and Security Act of 2007 (H.R. 6), by nearly a decade.

"Since 1998, the EPA has awarded over 22 million for brownfield-related job training. According to the EPA, 3,000 people have been trained. Approximately 60% of those individuals obtained environmental-related employment and earn an average of $13.26." (Rindfleisch, Elise, "EPA grants over 2.3 million for brownfields job training grants," Vermont Journal of Environmental Law". Also according to this journal, the Brownfield Job Training Grants are used "to teach environmental assessment and brownfield cleanup skills to individuals living in low-income areas near brownfields."

These brownfield jobs have a two-fold benefit. One, they not only do what the new green jobs act hopes to do by training workers for a growing market that will have the positive benefits of providing them with hard and soft skills to bring them into living wage jobs while improving the environment, but there is also the solid data to support this. Secondly, these jobs usually directly impact and improve the communities in which the participants live. They are not installing solar roofs in high-income areas, and they are not traveling to the country to work on wind-power generators. They are working down the street to remove an environmental threat and just general eyesore to create a healthier community where they live.

Otherwise, while not included in the H.R. 6 bill unless they were considered under "the deconstruction and materials use industries," they are listed in the study on defining 'green' jobs for the Ella Baker Institute out of Oakland which was instrumental in the Green Jobs Act included in H.R. 6. They would be considered one of 22 fields as "hazardous materials cleanup". You can glance at the summary of this report (http://bss.sfsu.edu/raquelrp/).

In conclusion, EPA's Brownfields Program is a vital tool that should be allowed to evolve into an even more valuable resource to improve communities across the country. Thank you.