

Smart Growth America

Making Neighborhoods Great Together

Testimony of Geoff Anderson
President and CEO, Smart Growth America

to the

U.S. Senate Committee on Environment on Public Works
Subcommittee on Superfund, Toxics and Environmental Health

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Chairman Udall, Ranking Member Crapo, and members of the Subcommittee, thank you for the opportunity to testify. My name is Geoff Anderson, I am the President and CEO of Smart Growth America, a national non-profit organization dedicated to researching, advocating and bringing better development strategies to communities across the country. Smart Growth America also runs the National Brownfields Coalition, which supports federal policies to accelerate the cleanup and redevelopment of contaminated and abandoned land.

I would like to thank the Subcommittee for holding this hearing on "Cleaning Up and Restoring Communities for Economic Revitalization". This hearing is an opportunity to highlight the benefits of the Environmental Protection Agency's (EPA) Brownfields Program and the economic benefits brownfields redevelopment can create. Brownfields are underused or abandoned properties whose redevelopment, reuse or expansion is complicated by the presence or potential presence of hazardous substances, pollutants or contaminants.

I would like to thank you both for joining Senator Inhofe and the late Senator Lautenberg in introducing S. 491, the Brownfields Utilization, Investment and Local Development Act (BUILD) Act. The legislation reauthorizes the EPA's successful Brownfields Program but also updates it to meet the current demands of brownfields redevelopment. As the Subcommittee considers ways to encourage brownfields redevelopment, I would like to provide three key points to keep in mind. First, we are at a unique point in time where changing market demand has created favorable conditions for brownfields redevelopment in existing communities. Second, brownfields redevelopment makes economic and fiscal

sense. Third, to realize the fiscal and economic benefits of brownfields redevelopment we must help the private sector meet the demand for brownfields redevelopment.

**Market demand has created favorable conditions for brownfields redevelopment in existing communities**

There was a time not long ago when there was little market demand for in-town living and businesses were consistently moving out of city centers. In this context, even if you provided money for brownfield clean up and allayed concerns about liability, it was difficult if not impossible to leverage private sector development money for clean up and redevelopment. Now the market context is vastly changed. Millenials and Boomers, our two biggest population cohorts, are moving to cities, suburban downtowns, and town centers. Businesses are following this trend to access talent in the knowledge economy. According the U.S. Census Bureau, between the 2000 and 2010 censuses, metro areas with 5 million or more people experienced double-digit population growth rates within their downtown areas. A recent study by the National Association of Realtors revealed that approximately half of Americans prefer walkable communities with easy access to jobs, shops, restaurants and local businesses. The places where people are increasingly choosing to live are where many brownfields are located. As a consequence, the private sector is now more ready than ever to put its capital behind clean up and redevelopment—if the government can get the financing, market, and regulatory framework right. By these standards the BUILD Act is moving us in the right direction.

For example, we know that the cost of cleaning up past contamination is a barrier to bringing these sites back into the market.

I am pleased to see the BUILD Act addressing this issue by increasing the maximum remediation grant from $200,000 to $500,000. This increase brings the assistance provided by the EPA to communities more in line with brownfield cleanup's average cost of $602,000. This will help more communities to turn brownfields into the mixed-use neighborhood where their residents want to work and live. And this is a win, win, win. You

address an environmental hazard and meet market demand all in a way that makes economic sense.

**Brownfields redevelopment makes economic and fiscal sense**

Brownfields redevelopment makes economic sense for several reasons. First and foremost is that this strategy leverages private investment into communities. The EPA estimates that every dollar of federal funding invested in brownfields redevelopment leverages $18 in total investment. Many of these projects transform blighted sites into community assets.

In some cases the return on investment can be far greater. Just a decade ago, the Linen Building in downtown Boise, Idaho was a vacant and blighted former laundry facility that posed an environmental threat to the surrounding community due to environmental contamination. With the help of a brownfields assessment grant, Boise was able to remove contaminated soil from the site and redevelop the building. A developer purchased the property and today the building is used for art and fashion shows, concerts, weddings, receptions, corporate meetings, proms and many other meetings. The new Linen Building is no longer a drain on the surrounding neighborhood. Instead, it has spurred a more diverse mix of businesses to open. An analysis of the property concluded that every dollar of federal brownfields funds leveraged $48 in total investment in the surrounding area.[1] The Linen Building is a great example of just how much private sector investment can be leveraged from brownfields funding.

Another great example of an EPA brownfields grant leveraging public and private sector investment is the Santa Fe Railyard in Santa Fe, New Mexico. Built in 1880, the railroad connected New Mexico's rugged desertscapes to the country's westward expansion. The Railyard became a hub of activity and a cultural center. But as interstate highway and air travel became popular, the Railyard began to fall into obsolescence and disrepair. By

1 Newsnet. From Rubble to Riches: Western Communities Capitalize on Cleanups. Retrieved July 17, 2013 from http://newwest.net/magazine/article/from_rubble_to_riches_western_communities_capitalize_on_cleanups/C555/L555/.

1987, the Railyard was a blighted site in need of redevelopment, and contaminated from years of industrial use. The City of Santa Fe purchased the property in the late 1980's hoping to revitalize the historic depot into a cultural district with ample green space for public recreation. An EPA brownfields assessment grant in 1998 made it possible for the city to begin redevelopment, including determining the site's contamination levels and cleanup alternatives, organizing neighborhood partnerships and conducting community outreach. Today, the Railyard site has been transformed into an arts and culture center. The Santa Fe Railyard is exemplary of the potential benefits of Brownfields redevelopment. Since the EPA's initial investment of $200,000, more than $125 million has been leveraged for the Railyard from other public and private sources.

There are other reasons why brownfields redevelopment makes economic sense. For instance, it can provide a big boost to local government budgets. Blighted properties are bad tax generators themselves but they can also reduce property values around them. That is the bad news. The good news is that this works the other way too. A study by the Northeast Midwest Institute estimates that the cleanup and redevelopment of brownfields can increase property values within ¾ mile of the site by as much as 5 to 15 percent.[2]

It helps local budgets in another way too. Redeveloping in existing neighborhoods can help local governments keep cost of services down and revenues up. Smart growth development is proven to reduce costs and increase revenue for municipalities. Research conducted by Smart Growth America has found that smart growth development—walkable communities, town centers — costs one-third less for upfront infrastructure, saves an average of 10 percent on ongoing delivery of services and generates 10 times more tax revenue per acre that conventional suburban development. If you want to see a great example of this In action, visit Nashville-Davidson County, TN, where The Gulch, a 76-acre infill project on a former brownfield site, generates twice as much revenue per unit

2 Northeast Midwest Institute. (2008, July). The Environmental and Economic Impacts of Brownfields Redevelopment. Retrieved July 15, 2013 from http://www.developingspokane.org/docs/Target_Areas/Brownfields/EnvironEconImpactsBFRedev.pdf.

— and 42 times as much revenue per acre — as a conventional suburban development in a greenfield location. The Gulch generated a surplus 7.8 times higher than other recent development in the county, and 19 percent less in costs.

We should help local governments capitalize on this opportunity as much as possible and so I am pleased to see the BUILD Act expands the properties for which local governments can apply for a site assessment grant. Specifically, important is the provision allowing local governments to apply for site assessment grants for properties that were acquired prior to the enactment of the Brownfields Program, even if the local government did not make all necessary inquiries prior to acquiring the site. This provision of the BUILD Act will allow for more brownfields to be evaluated for contamination without eliminating the local government's liability to cleanup the site.

I am also pleased to see the BUILD Act includes a provision eliminating the prohibition on communities using grant funding to cover administrative costs. Allowing grant recipients to use up to eight percent of their grant to cover administrative costs will reduce the administrative burden to communities that do not have the capacity, such as rural communities as well as those that face financial difficulties. This provision brings the Brownfields Program in line with other federal programs. Expanded site eligibility and administrative infrastructure are key to helping localities realize the benefits of brownfields redevelopment.

But local governments do not have to be the ones taking action to reap the benefits. The BUILD Act recognizes this by expanding eligibility for site assessment grants to non-profit organizations, another provision that I strongly support. Under the current EPA Brownfields Program, non-profits and community-based organizations are eligible for cleanup grants but not assessment grants. We know that non-profits would add tremendous value if they could use these funds, particularly because community-based organizations are often in the best position to identify or prioritize sites and initiate redevelopment.

Several states already allow non-profits to qualify for assessment grants. The North Shore Community Development Corporation in Massachusetts, for example, is using a Mass Development grant to assess lead in the soil of the Salem Point neighborhood. This investigation is necessary to preserve 77 workforce housing units in the heart of Salem, adjacent to jobs and the waterfront.

**Help the private sector meet the demand for brownfields redevelopment**

As noted earlier in this testimony, there are tremendous benefits to municipalities and local economies in cleaning up brownfield sites. I want to stress again that it is imperative that the private sector engage. The EPA estimates there are currently more than 450,000 unremediated brownfield sites across the country. The scale of this challenge is more than governments can address, it needs the private sector and power of the capital that represents.

These projects remain challenging for the private sector, however. Remediation projects are complex and can be unpredictable. The BUILD Act's authorization of multipurpose grants is a positive step since it recognizes that the redevelopment process is one connected effort that can include site inventory, characterization, assessment, planning, or remediation for one or more brownfields site through one grant. Securing upfront funding for the various phases of brownfields redevelopment—instead of having to seek funding for the different phases of the project—allows a community to work more closely with a developer to turn blighted properties into community assets.

The City of Missoula, Montana is a good example of how multipurpose grants can see a project through from start to finish. Missoula received a $279,000 grant as part of the EPA pilot program to both assess and remove asbestos from the Missoula County Courthouse. The project resulted in new spaces for the justice and district court house, sheriff's office, a 9-1-1 dispatching center, public meeting rooms, and a clerk and recorder services. Without a multi-purpose grant, Missoula would not have had the funding certainty to move the project forward as quickly as it did.

**Conclusion**

Brownfield redevelopment benefits local economies and municipal budgets, spurs private investment in blighted communities, protects public health and the environment, and helps meet rising demand for homes and offices in walkable neighborhoods.

The EPA's Brownfields Program is the single most important federal program advancing this issue. The program has provided critical assistance, allowing to states, communities and the private sector to come together to assess, clean up and turn brownfields into a variety of productive uses.

In conclusion, let me reiterate my appreciation for the Subcommittee's support for brownfields redevelopment. As the Subcommittee considers reauthorization of the EPA's brownfields program, Smart Growth America stands ready to help communities and the private sector realize the potential of the program to repurpose brownfields to be an asset in communities and the country.