

COMMUNITY PLANNING AND DEVELOPMENT
 BROWNFIELDS REDEVELOPMENT PROGRAM
 2007 Summary Statement and Initiatives
 (Dollars in Thousands)

BROWNFIELDS REDEVELOPMENT PROGRAM	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2005 Appropriation	\$24,000	\$25,480	-\$192	\$49,288	\$24,575	\$11,833
2006 Appropriation/Request	10,000	24,435 ^a	-10,100 ^b	24,335	24,335	12,000
2007 Request	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>11,000</u>
Program Improvements/Offsets	-10,000	-24,435	+10,100	-24,335	-24,335	-1,000

a/ Excludes \$278 thousand in expired funds.

b/ Amount reflects a \$10 million rescission of unobligated balances from prior year appropriations pursuant to P.L. 109-115.

Summary Statement

No funding is requested for the Brownfields Economic Development Initiative (BEDI) in fiscal year 2007. The Brownfields program will not be retained as a separate program in large part because of performance issues that include slow expenditure of funding and lengthy time frames to produce tangible results. The program's activities, as well as those of other smaller community development programs, will be eligible activities under a reformed Community Development Block Grant program.

Brownfields Redevelopment Program

COMMUNITY PLANNING AND DEVELOPMENT
 BROWNFIELDS REDEVELOPMENT PROGRAM
 Summary of Resources by Program
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2005 Budget Authority</u>	<u>2004 Carryover Into 2005</u>	<u>2005 Total Resources</u>	<u>2005 Obligations</u>	<u>2006 Budget Authority/ Request</u>	<u>2005 Carryover Into 2006</u>	<u>2006 Total Resources</u>	<u>2007 Request</u>
Competitive Grants	\$23,808	\$25,480	\$49,288	\$24,575	-\$100	\$24,435	\$24,335	...
Total	23,808	25,480	49,288	24,575	-100	24,435	24,335	...

<u>FTE</u>	<u>2005 Actual</u>	<u>2006 Estimate</u>	<u>2007 Estimate</u>
Headquarters	4	4	4
Field	3	3	3
Total	7	7	7

**COMMUNITY PLANNING AND DEVELOPMENT
BROWNFIELDS REDEVELOPMENT PROGRAM
Program Offsets
(Dollars in Thousands)**

Competitive Grants	<u>Amount</u>
2005 Appropriation	\$23,808
2006 Appropriation/Request	-100
2007 Request
Program Improvements/Offsets	+100

Proposed Actions

No funding is requested for the Brownfields Economic Development Initiative (BEDI) in fiscal year 2007. The Brownfields program will not be retained as a separate program in large part because of performance issues that include slow expenditure of funding and lengthy time frames to produce tangible results. The program's activities, as well as those of other smaller community development programs, will be eligible activities under a reformed Community Development Block Grant program.

Program Description. BEDI grants are authorized by Section 108(q) of the Housing and Community Development Act of 1974, as amended. To date this program has awarded competitive grants, which must be used with Section 108 loan guarantees for economic development and remediation of qualified Brownfields projects. Grants are made in accordance with Section 108(q) selection criteria, including: (1) quality of the proposed plan and capacity of the applicant; (2) financial need for the assistance; (3) level of distress in the community to be served and in the jurisdiction applying for the assistance; and (4) project readiness to proceed with redevelopment activities. BEDI grants are used to either enhance the security of Section 108 guaranteed loans or to improve the feasibility of proposed projects. Eligible recipients are Community Development Block Grant (CDBG) entitlement communities and non-entitlement communities.

Eligible Activities. Eligible BEDI activities are CDBG-eligible housing and economic redevelopment activities. These include: (1) assistance to private, for-profit entities for economic development projects; (2) acquisition of property; (3) rehabilitation of buildings or construction of real property improvements carried out by public or private non-profit organizations; (4) improvements, including construction, reconstruction or installation of public and other site improvements; (5) clearance, demolition, removal and rehabilitation of buildings and improvements; and (6) the investigation and clean-up of environmental contaminations in connection with any of these eligible activities.

In all previous rounds of BEDI grants, the Department worked collaboratively with the Environmental Protection Agency (EPA). There is a long-standing Memorandum of Understanding with EPA, and both HUD and EPA continue to integrate their efforts in the Brownfields area to maximize the coordination of community development and environmental expertise. Specifically, HUD has focused its financial and human resources on the end-use, or construction, phase of the redevelopment of Brownfields sites, while EPA concentrates its resources on up-front project assessment and remediation. HUD and EPA continue to work closely to target and utilize existing BEDI funds; to jointly evaluate proposals; to proactively help grantees find complementary sources of funding; and to provide technical assistance to bring BEDI-supported projects to successful closure. EPA representatives serve on HUD's BEDI review panel, and HUD staff members in turn serve on EPA competition review panels. HUD is also part of the National Brownfields Partnership, which brings together resources from over 20 Federal agencies and non-governmental organizations to reclaim Brownfields.

Brownfields Redevelopment Program

Between 1998 and 2004, HUD awarded 147 BEDI grants to 113 public entities, representing just under half of all applications submitted. Of these, 138 went to CDBG entitlement cities or counties, with the remaining nine awarded to small cities. The average grant amount has been \$1.1 million. The largest grant awarded was for \$2.5 million, while the smallest was for \$80 thousand. A significant portion of the total appropriation has been projected to be used as loan loss reserves to cover potential shortfalls in the grantees' inability to pay debt service on the Section 108 loans required to accompany all BEDI grants. By definition, loan loss reserves cannot be disbursed until construction is completed and the project is open for business--a process that typically takes in excess of 5 years.

Brownfields redevelopment projects financed under BEDI have typically been large-scale and often complex undertakings, averaging more than \$40 million in total development costs. Each BEDI project has an average of five public and private sources of financing. While BEDI funds represent, on average, 2.3 percent of total development costs, they have leveraged an average of \$28 million in private funds and \$12 million in other public funds.

Brownfields Redevelopment Program

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 BROWNFIELDS REDEVELOPMENT PROGRAM
 Performance Measurement Table

Program Name: Brownfields Redevelopment Program					
Program Mission: The Brownfield Redevelopment program helps communities more readily access revitalization resources that stimulate and promote economic and community development activities.					
Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2005 Plan	2005 Actual	2006 Plan	2007 Plan
Support Creation of Jobs (estimate).	Grant Applications	6,000	3,750	3,750	N/A

N/A = Not Applicable.

Explanation of Indicators

The indicator tracks the number of jobs to be created as reported by grantees. Since no funds are requested for fiscal year 2007 no jobs are projected in the Performance Plan.

Brownfields Redevelopment Program

**COMMUNITY PLANNING AND DEVELOPMENT
BROWNFIELDS REDEVELOPMENT PROGRAM
JUSTIFICATION OF PROPOSED CHANGES IN APPROPRIATIONS LANGUAGE**

The 2007 President's Budget includes proposed changes in the appropriations language listed and explained below. Language proposed for deletion is bracketed.

[For competitive economic development grants, as authorized by section 108(q) of the Housing and Community Development Act of 1974, as amended, for Brownfields redevelopment projects, \$10,000,000 to remain available until September 30, 2007: *Provided*, That \$10,000,000 shall be rescinded from unobligated balances from prior year appropriations under this heading and, to the extent there are insufficient balances, any additional rescission amounts shall be rescinded from funds appropriated under this heading for fiscal year 2006.]

Explanation of Changes

Deletes language providing funds for competitive grants because no new funding is requested for fiscal year 2007.

Brownfields Redevelopment Program

COMMUNITY PLANNING AND DEVELOPMENT
 BROWNFIELDS REDEVELOPMENT PROGRAM
 Crosswalk of 2005 Availability
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2005 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2005 Resources</u>
Competitive Grants	\$24,000	-\$192	\$25,480	\$49,288
Total	24,000	-192	25,480	49,288

Brownfields Redevelopment Program

COMMUNITY PLANNING AND DEVELOPMENT
 BROWNFIELDS REDEVELOPMENT PROGRAM
 Crosswalk of 2006 Changes
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2006 President's Budget Request</u>	<u>Congressional Appropriations Action on 2006 Request</u>	<u>2006 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2006 Resources</u>
Competitive Grants	\$10,000	-\$10,100	...	\$24,435 ^a	\$24,335
Total	10,000	-10,100	...	24,435	24,335

a/ Excludes \$278 thousand in expired funds.