

**Testimony of Charlie Kasko**

**On behalf of**

**The National Association of  
Home Builders**

**Before the United States House of  
Representatives**

**Housing and Community Opportunity  
Subcommittee**

**On H.R. 2941,**

***The Brownfields Redevelopment  
Enhancement Act***

**March 6, 2002**

Madam Chairwoman and members of the subcommittee, I am pleased to appear before you today on behalf of the 205,000 members of the National Association of Home Builders (NAHB) to express the building industry's support for H.R. 2941, the *Brownfields Redevelopment Enhancement Act of 2001*. My name is Charlie Kasko and I am a member of the National Association of Home Builders from Shavertown, Pennsylvania. I am a regional sales manager for a modular home manufacturer, Avis American, which operates in twenty northeast states building 1,400 homes a year through a network of independent home builders. I am currently serving as the 2002 Chairman of NAHB's Federal Government Affairs Committee.

H.R. 2941 addresses an issue of critical importance. In an era of increased sensitivity to the use of land and other natural resources, brownfields represent a major untapped asset, holding great potential for helping to facilitate the growth of local economies and job markets and to satisfy the related demand for homes. NAHB believes that this legislation will serve as a catalyst in advancing a number of programs that can be used to help reclaim properties that are currently fallow.

A brownfield is an abandoned, idled, or underused property where expansion or redevelopment is complicated by real or perceived contamination. These sites include abandoned factories and other industrial facilities, gasoline stations, oil storage facilities, dry cleaning stores and other businesses that dealt with polluting substances. There have been some notable successes in returning these properties to productive use but, in far too many cases, efforts to utilize these properties have been thwarted.

Brownfields redevelopment, if done correctly, presents a unique opportunity to marry economic development with the principles of Smart Growth and environmental protection. Additionally, brownfields redevelopment is consistent with the notion of reestablishing our communities. Many brownfields sites are located in urban areas or close-in suburbs within walking distance or in close proximity to existing amenities (restaurants, shops, and the arts). This proximity both fosters the sense of community and satisfies the increasing needs of our population while helping to satisfy the need for safe, affordable housing.

For example, in my home state of Pennsylvania, the city of Pittsburgh has partnered with local builders and developers to redevelop a forty-two acre site on the banks of the Allegheny River. Once a heavy industrial site, Washington's Landing will now be a stand-out infill community complete with townhomes, an office park, a rowing club, tennis courts, a marina, a public park and a bike path. More and more communities like Pittsburgh are recognizing the value of old industrial sites that have not been redeveloped because of environmental concerns and the potential of these sites if redeveloped in concert with private sector partners.

NAHB has always held that the first priority when addressing brownfields redevelopment must be relief from federal liability and enforcement for innocent parties under federal environmental statutes. The recently enacted brownfields law was a good first step in meeting this priority. Unfortunately, the new law fails to grant liability relief to innocent land parties for sites contaminated with petroleum. Because approximately half of the brownfield sites in this country are contaminated with petroleum, NAHB will continue to push for enactment of narrow liability relief for petroleum sites.

While we remain hopeful that Congress will address this shortcoming in the new law, we continue to be supportive of efforts to provide federal aid for the redevelopment of brownfield sites. NAHB believes that the federal government, as an integral partner in the redevelopment of brownfields, should create the appropriate financial and regulatory incentives to encourage brownfields redevelopment. NAHB is confident that H.R. 2941 will complement the new brownfields law by removing the barriers to valuable Department of Housing and Urban Development (HUD) funding for brownfields projects.

Grants under HUD's Brownfields Economic Development Initiative (BEDI) are designed to provide local governments with a flexible source of funding to pursue the redevelopment of brownfields through acquisition of land, site preparation, economic development, and other activities. However, access to these funds under current law requires a local government to pledge future allocations of Community Development Block Grants (CDBG) as collateral for a related loan guaranteed by the federal government under Section 108 of the Housing and Community Development Act of 1974. Many of the communities with the greatest potential for reclaiming brownfields for productive use are unable or unwilling to pledge

their CDBG funds in this manner. H.R. 2941 would remove these leveraging requirements and open the way for the BEDI to spur much needed economic development and affordable housing production.

In addition, H.R. 2941 would help clear up confusion and uncertainty regarding the eligibility of brownfields initiatives for CDBG funding. The bill would ensure that the redevelopment of brownfield sites is a sanctioned CDBG activity by specifically listing “environmental cleanup and economic development of brownfield sites” as a permissible activity. This clarification is important. While BEDI grants are a valuable tool for brownfields development, the limited funding for this program, currently \$25 million annually, means that many additional dollars of private and public investment are required for sustainable progress in recovering brownfields. CDBG funds are the chief means used by state and local governments in harnessing public and private investment to address community development needs. By explicitly listing brownfields redevelopment activities as a permissible activity for CDBG funding, H.R. 2941 will ensure their ability to integrate such efforts as part of broader community development initiatives to achieve the most efficient and effective use of CDBG as well as BEDI resources.

Finally, H.R. 2941 gives the HUD Secretary the authority to establish a pilot program for the development of a loan pool that would provide economic development financing for eligible public entities. Cities will now be able to expand their redevelopment options by leveraging funding from private and public sources with the funds from the loan pool. This program would provide local communities with another possible source of brownfields redevelopment funding.

The private sector cannot tackle redevelopment of brownfield sites alone. Local communities must be an active participant in redevelopment by identifying and assessing potential brownfield sites. The provisions in H.R. 2941 will go a long way to aid local communities and therefore strengthen the public-private partnership that is so important to the redevelopment effort.

H.R. 2941 is a perfect example of the type of incentives the federal government should be providing to local communities in their efforts to encourage economic development and plan for future growth. By removing the federal impediments to brownfields redevelopment and allowing local

communities the flexibility to manage grant funding, the federal government can be a productive partner with local governments and, in turn, the private sector. NAHB applauds Representatives Gary Miller and Carolyn Maloney for their efforts to address the needs of local communities and the goal of greater investment in redevelopment projects. The proposals contained in H.R. 2941 will greatly enhance local brownfields redevelopment and spark private and public sector involvement in urban and rural revitalization.

Madam Chairwoman, on behalf of the home building industry, I am pleased to support H.R. 2941. I look forward to answering any questions you or members of the subcommittee may have for me.