

Good morning Chairwoman Roukema, Ranking Member Frank, and distinguished members of the subcommittee. My name is Roy Bernardi. I am the Assistant Secretary for Community Planning and Development in the Department of Housing and Urban Development. I am responsible for the management, operation, and oversight of approximately \$8 billion in federal funds, most of which are distributed by formula to our communities for economic development and housing activities. As the former mayor of Syracuse, New York, a recipient of HUD funding, I can tell you that these programs are invaluable to those responsible for local efforts.

I am pleased to appear before you to discuss a common interest: brownfields revitalization. Brownfields is a subject that has received a good deal of attention these last few years, and President Bush indicated clearly that brownfields revitalization is high on his domestic agenda. Given the shared goals of the Congress and the administration, we have the makings of a solid partnership. That potential was demonstrated only a few weeks ago when President Bush signed the legislation that the Congress crafted: The Small Business Liability Relief and Brownfields Revitalization Act.

The redevelopment of brownfields may be framed in two ways: One, as an environmental cleanup issue and two, as a community redevelopment issue. Framed as an environmental issue, the central concerns are assessment, clean up, and potential liability, and the principal players are environmental specialists and engineers. Framed as a community development issue, the central concern is the issue of creating a community asset and the principal players are economic development specialists and financiers.

Experience has taught us that both approaches are relevant, especially when they are harnessed together. For a variety of reasons, coordinating remediation and redevelopment into an integrated approach does not always happen seamlessly. At the federal level, HUD, the Environmental Protection Agency (EPA), and the Economic Development Administration (EDA) are the primary agencies that assist communities

with addressing brownfield issues. Given the different funding mechanisms that exist within these agencies, their various regulatory responsibilities, their own internal priorities, their unique field structures, and certainly the well-established operating “cultures” within each agency, the coordination of HUD with EPA and with EDA is not an easy task. As we move from the federal to the state and local levels, the complexity of coordination only increases.

All over America today, big cities, small cities, and medium cities are engaged in building cities on old industrial and manufacturing sites that were left soiled by our heavy industries of the early and mid-twentieth century. The General Accounting Office has estimated that 450,000 brownfields exist – the vast majority of which are located in urban areas. We at HUD, along with our colleagues from EPA and EDA (and the other 20+ federal agencies involved in the interagency brownfield efforts) strive daily to achieve the maximum result at the minimum cost and in the shortest time. Secretary Martinez and I are committed that HUD will fulfill its mission as the principal vehicle for the redevelopment of these brownfields.

Let me turn to HR 2941, the Brownfields Redevelopment Enhancement Act. As we understand it, the purposes of this Act are to provide (1) more flexibility to communities, (2) increased accessibility to funds, and (3) greater capacity to coordinate and collaborate. It does this by providing additional incentives for remediation and redevelopment, and by de-linking the Brownfield Economic Development Initiative grants from the Community Development Loan Guarantee program. Further, this bill clarifies that activities associated with brownfields redevelopment are eligible activities under the Community Development Block Grant Program. Finally, it permits the Secretary to establish as a pilot program a common loan pool, which may be securitized. We are interested in working with you on this and other approaches to brownfields revitalization that will enhance the well being of affected communities.

A survey of over 200 cities, by the U.S. Conference of Mayors, estimated that Brownfields redevelopment could add up to \$2.7 billion in additional tax revenues and create 675,000 new jobs if these sites were returned to productive use.

We, as an administration, are committed to what I am calling the “3R” approach: Remediation + Redevelopment = Revitalization. Just as Governor Whitman brought a new level of commitment to EPA to address and resolve Brownfield remediation, Secretary Martinez and I bring a renewed commitment to HUD’s focus on redevelopment.

Brownfields include real property with “real or perceived contamination,” therefore significant remediation is not always required. As always, HUD’s role as the catalyst-contributor is to leverage adequate private financial resources, along with other public funding, to enable redevelopment to take place.

We are confident that our brownfields efforts will, over the long term, provide for neighborhoods to attract better housing and will lead to better quality living environments for moderate and low-income residents.

The Bush Administration understands that there are opportunities to improve the revitalization process, to speed redevelopment while still achieving remediation of risks to human health and the environment. We can improve the administration of our Brownfield efforts without sacrificing either redevelopment or remediation.

Madam Chairwoman and members of the subcommittee, thank you for your leadership. We look forward to working in partnership on this vital issue.