
April 1999

ENVIRONMENTAL PROTECTION

Agencies Have Made Progress in Implementing the Federal Brownfield Partnership Initiative



**Resources, Community, and
Economic Development Division**

B-282148

April 9, 1999

The Honorable Thomas Bliley
Chairman, Committee on Commerce
House of Representatives

Dear Mr. Chairman:

Since the early 1990s, federal, state, and local governments have focused much attention on the cleanup and economic redevelopment of “brownfields”—abandoned, idle, or underused industrial and commercial facilities where real or perceived environmental contamination is a barrier to redevelopment. In some cases, rather than face the potentially high costs to clean up the contamination at brownfields and any future liability for it, businesses have looked to greenfields—undeveloped sites in rural and suburban areas—for expansion and new development. However, this trend contributes to urban blight, “suburban sprawl,” and a reduced tax and employment base in traditional urban centers. In response to communities’ requests for federal assistance to address brownfields, in May 1997 the administration announced the Brownfield National Partnership Action Agenda, a 2-year initiative to bring federal, state, and local agencies together to clean up and redevelop these sites.

Under the Partnership initiative, more than 20 federal agencies were to better coordinate their brownfield resources and activities, specifically carrying out more than 100 action items involving brownfields that would, among other things, generate \$469 million in federal financial assistance—\$304 million predominantly in grants to local communities, and \$165 million in loan guarantees. These actions and this investment were to result in three specific economic outcomes—leveraging an additional \$5 billion to \$28 billion in private investments in brownfields, creating up to 196,000 new jobs, and protecting up to 34,000 acres of greenfields.¹

Reflecting congressional interest in brownfields, you asked us to (1) compare federal agencies’ planned financial assistance to brownfields,

¹The federal agencies included in the initiative were the departments of Agriculture; Commerce, including its Economic Development Administration and its National Oceanic and Atmospheric Administration; Defense, including its U.S. Army Corps of Engineers; Education; Energy; Health and Human Services, including its Agency for Toxic Substances and Disease Registry and its National Institute for Environmental Health Sciences, and Office of Community Services; Housing and Urban Development; the Interior; Labor; Transportation; Treasury, including its Office of the Comptroller of the Currency; and Veterans Affairs and the Environmental Protection Agency, the General Services Administration, and the Small Business Administration.

as stated in the Partnership Agenda, to their actual spending for brownfields in fiscal years 1997 and 1998; (2) describe the purposes of these obligations; and (3) determine the extent to which agencies met the Partnership's goals and objectives. We collected financial data and documentation of brownfield activities and met with the senior managers involved with brownfields from 10 Partnership agencies that are involved in these activities: the departments of Agriculture, Defense's U.S. Army Corps of Engineers, Energy, Health and Human Services, Housing and Urban Development, and Transportation, the Economic Development, the National Oceanic and Atmospheric, and the General Services Administrations, and the Environmental Protection Agency. Eight of these 10 agencies were responsible for 100 percent of the planned financial assistance outlined in the Partnership Agenda. Appendix I includes a more detailed discussion of our scope and methodology.

Results in Brief

During fiscal years 1997 and 1998, the 10 federal agencies we examined reported that they provided about \$413 million in assistance to brownfields, as compared to the Partnership's planned financial assistance of \$469 million. Brownfield managers at the Department of Housing and Urban Development (HUD) also told us that the agency may have provided more financial assistance for brownfields than it reported to us because it provided most of its financial assistance through its Community Development Block Grant program. Under this program, communities have wide discretion on how they use these funds, and while the agency does track communities' use of the funds, it does not separately track if the funds were used for brownfield activities. About one-half of the total assistance that agencies provided for grant programs was from new funds made available for brownfields. The remainder represented funds that the agencies had traditionally been providing to low-income and depressed communities under their community and economic development grant programs, not new or reprogrammed funds for brownfields.

HUD, the Environmental Protection Agency (EPA), and the Economic Development Administration (EDA) within the Department of Commerce were responsible for \$409 million, or 99 percent of the assistance provided. The three agencies used most of the funds to make grants and loan guarantees to communities, which used the funds for activities such as assessing contamination at sites, cleaning up sites and planning redevelopment, demolishing old buildings, constructing new ones, developing and upgrading infrastructure, and accomplishing real estate transactions for brownfield sites.

The 10 federal agencies in our review reported achieving better coordination and accomplishing their brownfield action items but do not have comprehensive data to determine the extent to which this will result in the expected economic benefits of jobs and private investment in brownfields. The agencies reported that they increased their ongoing coordination as a result of the Partnership initiative, most noticeably through their “showcase community” projects—agencies’ efforts to provide 16 select communities with federal funding and technical support for cleaning up and redeveloping brownfields. The agencies also completed about 89 percent of their action items in the Partnership Agenda, such as revising policies that were barriers to brownfield redevelopment and providing communities more information about available assistance, predominantly as part of their ongoing programs. However, the extent to which the Partnership initiative is meeting the economic goals—creating new jobs, leveraging additional private investments in brownfields, and preserving greenfields—cannot be determined because most agencies are not tracking all of these outcomes or collecting data specific to brownfields that would allow them to do so.

Background

In 1993, in response to calls from local communities and professional associations representing them—such as the U.S. Conference of Mayors—to provide more and better coordinated federal support for brownfields, EPA began providing grants to select communities to conduct assessments of the potential contamination at brownfield sites. EPA got involved because lenders’ and developers’ fear that contamination would lead to long and costly cleanups was often one of the first barriers to redeveloping these sites. But communities wanted more help than EPA could provide with its assessment grants. Therefore, in July 1996, EPA created the Interagency Working Group on Brownfields, with staff from more than 20 federal agencies, and the Interagency Steering Committee, with senior management representatives from these same agencies. According to EPA, both groups were created to provide a forum for federal agencies to exchange information and develop a coordinated national strategy for brownfields that focused on both environmental and redevelopment issues.

Subsequently, while developing this strategy, EPA asked the members of the Working Group to identify specific actions that the federal agencies would take to support brownfield redevelopment and the funding they would obligate for these activities for fiscal years 1997 and 1998. EPA collected this information from the agencies, which totaled more than 100

action items and plans to invest about \$469 million—\$304 million predominantly in grants and another \$165 million in loan guarantees. On May 13, 1997, the administration publicly announced the planned financial assistance and more than 100 action items as part of its Brownfield National Partnership Action Agenda initiative, along with the goals of improving agencies' coordination of their brownfield activities and achieving specific economic benefits for communities.

One of the major actions under the initiative is the brownfield Showcase Communities project. In fiscal year 1998, the Working Group selected 16 pilot communities from eligible applicants. The agencies intended for these communities to demonstrate to other communities how they can use federal support to successfully clean up and redevelop brownfields. According to EPA's Director of Outreach and Special Projects, the agencies hope to develop models of how 16 very different types of communities, such as those in rural, urban, and coastal areas, successfully worked with federal agencies to redevelop their unique brownfield properties.

Agencies Were Successful in Providing Funds for Brownfield Activities

The 10 agencies in our review reported that they provided about \$413 million —\$272 million primarily through grants and \$141 million in HUD loan guarantees in financial assistance for brownfield activities in fiscal years 1997 and 1998. EPA, HUD, and EDA within the Department of Commerce were responsible for \$409 million, or 99 percent of this assistance.

Table 1 below outlines the planned federal investment for brownfields as stated in the Partnership Agenda, and actual obligations² and loan guarantees for fiscal years 1997 and 1998 that agencies reported went for brownfield-related activities.

²An "obligation" is a definite commitment on the part of a federal agency to disburse funds at a later time. Grants are one type of obligation.

Table 1: A Comparison of Agencies' Planned Investment in the Partnership Agenda and Obligations and Loan Guarantees for Brownfields During Fiscal Years 1997 and 1998

Dollars in millions		
Federal agency	Planned brownfield assistance as stated in the Partnership Agenda	Obligations and loan guarantees agencies made for brownfields
EPA	\$125	\$128
HUD	155	26 ^a
EDA	17	114
Other federal agencies ^b	7	4
Subtotal	\$304	\$272
HUD's loan guarantees ^c	\$165	\$141
Total	\$469	\$413

^aThe primary reason for the difference between the planned and actual financial assistance for HUD is that about \$100 million of the planned assistance for brownfield-related activities was from HUD's Community Development Block Grant program. Under this program, communities have wide discretion on how they use their funds and while the agency does track communities' use of funds, it does not track if funds were specifically spent on brownfields. Therefore, HUD could not report an amount of obligations made for brownfields under its block grant program.

^bThe other federal agencies are the departments of Commerce's National Oceanic and Atmospheric Administration; Energy; Health and Human Services; and Transportation and the General Services Administration.

^cUnder HUD's Section 108 loan guarantee program, the agency may guarantee loans to local governments to conduct large-scale economic revitalization projects. Local governments must pledge Community Development Block Grant funds that they have received as partial security for financing these projects.

Sources: Documentation supporting the Partnership Agenda and agencies' brownfield managers.

In making this dollar comparison, it is important to understand the basis of the planned assistance stated for the three primary agencies in the Partnership Agenda, illustrated in the middle column of the table above. About one-half of the \$304 million planned assistance was funding that the agencies could actually commit to obligate on brownfields during the 2-year period. For example, EPA decided to obligate \$125 million because it received this amount of new appropriations available for brownfields during this time frame. While HUD's planned financial assistance through grants as stated in the Partnership Agenda was for \$155 million, agency brownfield managers clarified that the agency could only commit to spend \$25 million because it received this amount of appropriations for its new Brownfield Economic Development Initiative (BEDI) program.³ Most of the remaining \$130 million was an estimate of the amount of fiscal year 1997 grant funds that communities might choose to use for brownfields

³Under this program, HUD provided competitive grants specifically for brownfield development to communities that had already received community development grant funds from the agency.

under the agency's Community Development Block Grant program. HUD could not commit to spend a specific amount of grant funds on brownfields because under this program, grant recipients have broad discretion in how they can use the funds. EDA brownfield managers explained that this was also the case for the \$17 million presented as the agency's planned financial assistance in the Partnership. EDA could not commit to spend these funds on brownfields through its economic development grant program because the agency responds to locally identified economic development needs, which may or may not include brownfield redevelopment needs. As a result, EDA cannot estimate the amount of brownfield-related funding assistance that communities will request or the agency will award in any given fiscal year.

In comparing these amounts in the Partnership Agenda to the amounts of actual brownfield obligations and loan guarantees the agencies achieved, as illustrated in the right-hand column of the table, we determined that agencies may have obligated more than they reported but not all of these obligations were a result of the Partnership initiative. HUD can document the amount of BEDI funds obligated for brownfields, since this program is dedicated to such activity. However, HUD does not separately track the amount of its Community Development Block Grant funds spent at brownfield sites. Consequently, we could not determine the exact amount of federal funds the Partnership agencies were using on brownfields.

More specifically, for the Partnership Agenda, HUD estimated that grant recipients might use up to \$100 million during fiscal year 1997 in Community Development Block Grant funds on brownfield-related activities. On the basis of some survey and anecdotal information from grant recipients, HUD brownfield managers estimated that recipients probably spent more than \$100 million on brownfields through this program during that year. But the Department cannot demonstrate the extent to which communities used grant funds for brownfields because communities have wide discretion in using the funds and the Department does not track them by this category. EPA and EDA can track their brownfield obligations—EPA because it received its appropriations for brownfields separately and EDA because recipients identify whether they are using grant funds for brownfield-related activities in either their application or their status report on the use of the funds.

While EDA can track that it awarded \$114 million in grant funds during the 2 fiscal years to communities that used the funds for brownfield-related activities, compared to the \$17 million in planned assistance for the agency

in the Partnership Agenda, EDA does not attribute its actual brownfield obligations directly to the Partnership initiative. Rather, according to EDA managers, since the beginning of the program in 1965, the agency had been awarding grants for the revitalization and reuse of idle and abandoned industrial facilities, now called brownfields, as a core component of its mission to aid the nation's most economically distressed communities. For example, historically EDA had funded projects to bring about the reuse of closed military facilities; now the agency is counting these activities as brownfield projects.

HUD anticipates an increase in the amount of funds going to brownfields in the future. Some communities were not certain if funds under HUD's Community Development Block Grant program could be used to address environmental contamination at certain brownfield properties. HUD's fiscal year 1998 appropriations provided that states and communities may use Community Development Block Grant funds for the cleanup and redevelopment of brownfields, and the agency's fiscal year 1999 appropriations extended this change to all future fiscal years. According to HUD officials, the agency will update its block grant regulations to add that addressing environmental contamination is an allowable activity under the program.

HUD is also considering modifying one of the three primary national objectives under its Community Development Block Grant program—preventing or eliminating slums or blight⁴—to clarify that since environmental contamination and economic disincentives contribute to blight, block grant funds can be used to address these concerns. HUD expects that this change will encourage the use of block grant funds for brownfields. EDA has added brownfield redevelopment as a category for which communities can receive priority consideration for grant funds. Under EDA's program, once an applicant meets the agency's basic grant criteria,⁵ if the applicant plans to use the funds on brownfields, the agency can give the applicant priority for a grant award.

⁴Funded activities under the Community Development Block Grant program must give maximum feasible priority to at least one of three national objectives: (1) benefiting low- and moderate-income people, (2) helping to prevent or eliminate slums or blight, and (3) meeting other urgent community development needs.

⁵According to agency officials, EDA uses three basic criteria to determine project eligibility: (1) high unemployment, (2) low per capita income, and (3) special need.

Federal Agencies' Funds Were Used for a Variety of Brownfield Activities

EPA, HUD, and EDA distributed their funds primarily through grants and loan guarantees to communities that used them for activities ranging from assessing a site to conducting some cleanup and on-site construction. In March 1998, we reported on EPA's use of brownfield funding.⁶ We reported that the agency obligated the majority of its fiscal year 1997 and 1998 funds for brownfields through (1) grants to state, local, and tribal governments to assess the nature and extent of contamination at these properties in order to promote their cleanup and redevelopment; (2) seed money to these governments to establish revolving loan funds that help to pay for actual cleanup activities; (3) grants to states to develop voluntary programs that provide incentives for developers to clean up and redevelop brownfields; and (4) grants and funding support for pertinent research, outreach to community groups, job training for performing hazardous waste cleanups, and other related activities.

Over those same 2 fiscal years, HUD provided funds primarily through (1) the Brownfield Economic Development Initiative (BEDI) grant program, (2) its Section 108 loan guarantee program, (3) the Community Development Block Grant program, and (4) its programs to abate the risks of lead-based paint. HUD awarded its BEDI grants specifically to communities to use the grants for activities such as site cleanup or purchasing a brownfield property and selling it to a private party at a discount price in exchange for the property's redevelopment. HUD must make economic development grants, including the BEDI grants, in conjunction with loan guarantees for, among other things, the acquisition and rehabilitation of properties. Communities have used their Section 108 loan guarantees to pursue larger-scale redevelopment activities, including public facilities and physical development projects, such as acquiring a failed shopping center for rehabilitation. As for its Community Development Block Grant program, HUD conducted a recent survey of a small number of its grant recipients, 80 out of about 1,000 recipients, who voluntarily provided information on the use of their grants. On the basis of these data, HUD managers stated that a majority of these recipients are spending some portion of their funds on brownfield-related activities, such as cleaning up contaminated soil and groundwater and removing asbestos and lead from sites. During fiscal year 1998, HUD also awarded one community in Boston a grant under its lead-based paint program, which the community used to clean up lead-contaminated soil at approximately 56 parcels of brownfields that were then converted into housing units.

⁶Superfund: EPA's Use of Funds for Brownfield Revitalization (GAO/RCED-98-87, Mar. 19, 1998).

In these same fiscal years, EDA provided funds for brownfield redevelopment through several of its grant programs. Communities used these funds for a variety of brownfield-related activities, including redevelopment planning; the development of inventories of abandoned, idle, and underutilized properties using geographic information systems; economic assessments of brownfield parcels; building renovation and repair, historical rehabilitation, demolition, and new construction; support for revolving loan funds for cleanup activities; and brownfield research studies. For example, one recipient used an EDA grant at a brownfield site to rehabilitate half of a large building in a former industrial complex. The environmental contamination had already been cleaned up prior to the recipients receiving the grant. Another recipient is using its grant to construct a Bioscience Park Center at a former Defense medical facility site that EDA classifies as a brownfield. EDA grant recipients have reported that their communities are only using up to about 10 percent of their funds on actual cleanup.

Federal Agencies Are Better Coordinating and Achieving Their Action Items

In May 1997, the administration announced that through its Brownfield National Partnership Action Agenda, it intended to bring together the resources of more than 20 federal agencies to better coordinate federal support so as to empower communities to redevelop their brownfields. The administration reported that the agencies would provide a total of \$469 million in financial assistance by implementing more than 100 brownfield action items and that this assistance was expected to result in the (1) leveraging of additional private investments in brownfields, (2) creation of new jobs, and (3) protection of greenfields.

The 10 federal agencies in our review have improved both their internal and external coordination of brownfield activities and have accomplished most of their respective Partnership actions, thereby increasing the federal government's role in brownfield redevelopment. However, the administration cannot tell if the initiative is meeting the economic goals because most agencies are not tracking these results or collecting data specific to brownfields that would allow them to do so.

Agencies and Communities Agree That Federal Coordination Has Improved

Officials of most of the 10 federal agencies in our review stated that they are better coordinating their actions to address brownfields, both within their own agency as well as between agencies. Individual communities and the professional associations that represent them also agreed that federal coordination had improved, although they noted that they still face the

administrative burden of managing multiple federal grants and that some states and counties were not included in these efforts at improved coordination.

More than half of these agencies reported that, to participate in the Partnership, they established informal internal working groups to better identify what programs and funding within their own agencies could be used to address brownfields. Moreover, agencies' involvement in the Partnership, such as helping to select the showcase communities, has increased their awareness of other agencies' resources available for brownfields. Consequently, agencies can better direct communities to the right sources, depending on the type of assistance the communities need. Some agencies have also signed a memorandum of understanding in which they established joint policies and procedures for conducting brownfield projects. For example, EPA and the National Oceanic and Atmospheric Administration signed such a memorandum, agreeing to, among other things, provide to coastal communities information on brownfields and training on conducting assessment, cleanup, and redevelopment activities. These efforts, according to the agency brownfield managers, have resulted in a more efficient federal approach to brownfields.

In another example, the General Services Administration (GSA) helped Denver to redevelop a major brownfield property that, according to the agency's brownfield managers, otherwise probably would have sat in the agency's inventory. The city wanted to turn the federal property, located in a depressed area, into an industrial park that would provide jobs and commerce. The city had already attracted grants from five different federal agencies for the project but could not get the money unless GSA transferred the property. Once GSA became aware of the other agencies' support through its involvement in the Partnership and community efforts, the agency was able to expeditiously transfer the property. Similarly, HUD brownfield managers reported that their coordination with other agencies has made them more sensitive to the agencies' requirements. For example, these managers explained that HUD invited two EPA staff to participate on its panel to select BEDI grant recipients, and the staff provided valuable insights about how the grant recipients might manage contamination issues at their sites. In another instance, brownfield managers for the U.S. Corps of Engineers claimed that agencies were saving a significant amount of money by better coordinating and not duplicating the support they could bring to the showcase communities. Furthermore, several agencies have revised or expect to revise a number of federal regulations as a result of the Partnership. One of the more recent and significant actions that

could promote more redevelopment, according to the EPA's brownfield director, was a change in the lending guidelines for Federal Home Loan Banks that encourages lending institutions to provide financial assistance to certain brownfield projects.

Perhaps the most evident example of coordination is the Showcase Communities project. According to the city development managers from two of the longest-running showcase communities, in Salt Lake City, Utah, and Dallas, Texas, they are now better aware of the federal resources available to support brownfield redevelopment and how to access them and are getting more technical and financial help from agencies. They also highlighted that federal agencies are now more willing to participate in joint efforts, such as forums and periodic teleconferences, to help the communities overcome any hurdles. The managers acknowledge that a major reason for this success is that EPA loaned a staff person to each city, under the Intergovernmental Personnel Act, for 2 years. For each city, the managers report, this staff person has been invaluable in identifying available federal resources, such as grant programs; helping the city to apply to each relevant agency for these funds; and providing technical assistance, such as information on the extent of cleanup required at brownfield sites. Staff who are managing brownfield issues for four professional associations representing cities, states, and other community stakeholders indicated that coordination among federal agencies had improved, especially in the 16 showcase communities.⁷

While federal coordination has increased, local community officials stated that little has been done to reduce the burdensome administrative processes involved in obtaining federal financial assistance. In fact, according to the city manager in Salt Lake City, the rules and regulations governing one HUD program were so onerous and time-consuming that the city chose not to pursue the funding. The HUD brownfield managers acknowledged that federal requirements to ensure grant and loan guarantee recipients are financially accountable for federal funds can be burdensome. The local managers further pointed out that cities not participating in the showcase pilots may not be able to afford to provide the type of staff resource that they had obtained from EPA to assist them in applying for and managing grants from the various agencies. Two of the associations representing state cleanup agencies and county governments also noted that some states and counties are concerned that the federal agencies are bypassing them by meeting with and providing funding

⁷These professional associations are the Association of State and Territorial Solid Waste Managers, the National Association of Counties, the National Association of Local Government Environmental Professionals, and the U.S. Conference of Mayors.

directly to municipalities. The EPA brownfield manager explained that the agency had met with state and local government officials when developing the Partnership Agenda and that better coordination with states was beginning to happen at the regional level in some areas. While the manager noted that EPA has been awarding some of its brownfield assessment grants to counties, the Partnership was late in inviting counties to participate.

Federal Agencies Have Completed Most of the Partnership's Action Items

Officials of the 10 federal agencies in our review stated that their agencies had accomplished 63 of their 71 nonfinancial action items in the agenda, or about 89 percent.⁸ In our meetings with them, the officials reported that they conducted most of these activities within their ongoing programs and had not established a formal system to separately track their progress in accomplishing the action items in the Partnership Agenda. In general, the action items included implementing changes to existing policies that had presented barriers to brownfield redevelopment, providing technical support to communities, providing information to agencies and communities on federal avenues to support brownfield redevelopment, and conducting brownfield research. For example, HUD issued a joint study with EPA on the redevelopment of brownfields, specifically spotlighting the effects of environmental hazards and regulation on urban redevelopment. The Department of Transportation (DOT) issued a new policy repealing its past policy of avoiding all contaminated properties when undertaking new transportation projects. The new policy encourages state departments of transportation, local planning organizations, and local communities to address their brownfield redevelopment in their transportation plans and projects.

Agencies had not yet achieved eight of the action items. Officials reported that agencies did not complete two items and did not realize they had made the commitments for two other items. For example, the Partnership Agenda stated that HUD would fund a job training demonstration project in a low-income community, but brownfield managers stated that they did not meet the commitment because they were unaware that it had been made. Agencies dropped the remaining four action items because they were not feasible or the agencies lacked adequate funding. For example, Agriculture did not complete its studies of the economic impacts of revitalizing brownfields because it did not receive funding for this activity. Also, EPA did not issue guidance to its regions on the process to enter into

⁸The Partnership Agenda included 99 nonfinancial action items for more than 20 federal agencies, in addition to the planned financial investment discussed earlier in this report. The 10 agencies in our review were responsible for 71 of these items.

memorandums of agreement with states regarding their voluntary cleanup programs because of negative comments regarding the guidance from key stakeholders, including the states.

EPA recently hired a contractor to take an accounting of the more than 100 action items in the Partnership Agenda for all 20 agencies involved. EPA is asking the agencies to report which action items they achieved, which they did not achieve, why they did not achieve them, how the actions enhanced support for redeveloping brownfields, and what specific examples of this they could provide. EPA expects a final report this summer.

Most Agencies Cannot Demonstrate Whether Expected Economic Outcomes Will Be Achieved

The Partnership's expected economic outcomes of new jobs, more private investment, and protected greenfields were estimates of potential long-term benefits, generated from economic models, that might result from the federal support for redeveloping brownfields. They were not goals that the agencies could measure and achieve within the 2-year period of the Partnership initiative. For example, HUD brownfield managers noted that it would take 3 to 5 years after construction is complete at a site before all anticipated jobs are created. Similarly, EDA brownfield managers stated that it may take up to 10 years beyond the completion of a project funded under its grant programs for a community to realize the full economic benefits from the project. While EPA brownfield managers stated that the strategy of the Partnership Agenda was to achieve these long-term outcomes through the action items, there was no documented strategy that showed how all of these individual action items, such as distributing information or providing technical support, were linked in a way that would result in these economic benefits.

Also, most federal agencies generally do not have the comprehensive data necessary to determine the extent to which the economic benefits will be achieved, according to the EPA managers. For example, communities applying to EPA for grants to assess the contamination at a site may include an estimate of the number of jobs they expect to generate if they subsequently clean up and redevelop it or the amount of private sector funds they will leverage, and EPA has been compiling these voluntary estimates; however, EPA does not require recipients to submit such data and cannot verify the accuracy of these estimates. HUD will be able to track the number of jobs created at those brownfield sites addressed through its BEDI grants. HUD also tracks the number of jobs created under its Community Development Block Grant program. Recipients provide these

data in their annual reports to HUD on their use of the grant funds. HUD can determine which of these jobs were created in communities with low and moderate income but cannot determine which of these jobs were specifically created at brownfields or as a result of the Partnership initiative. EDA grant recipients, beginning with fiscal year 1997 grants, are required to report on the number of permanent jobs created or retained and the private sector dollars invested as a result of brownfield projects that EDA funded. The EPA brownfield managers said that they planned to ask agencies to provide whatever data they have available on the economic benefits achieved through their grant programs and compile this information as an indicator of the success of the Partnership initiative.

Agency Comments

We provided copies of a draft of this report to EPA, HUD, and EDA for review and comment, since they are the primary agencies involved in federal brownfield efforts. We also provided portions of the draft that pertained to the remaining Partnership agencies in our review to them for their comment. The agencies generally agreed that the report accurately describes their brownfield activities. Representatives from EPA, including the Director of the Outreach and Special Projects Staff, the organizational unit that manages all of EPA's brownfield activities, clarified the goals of the Partnership Agenda and the extent to which agencies can track economic benefits, specific to brownfields, that were generated as a result of the Partnership. We revised the report to more clearly lay out the goals of the Partnership and clarified that the three agencies' ability to track jobs and other economic benefits generated specifically from their brownfield funding varies. HUD brownfield managers, including the Director of the Community Development Block Grant program, the primary program HUD uses to fund brownfield-related activities, pointed out that the agency was not expected to be able to report an exact amount of block grant funds obligated specifically for brownfields because this program does not have such a separate tracking category for this purpose; we revised the report to include this point. In addition, the agency clarified the extent to which it tracks the number of jobs created as a result of its grant programs. We revised the report to explain that HUD can track jobs created at brownfield redevelopment sites under its BEDI grant program but not under its block grant program. Finally, EDA brownfield managers, including the Assistant Secretary for Economic Development, provided a more detailed description of the types of brownfield-related activities the agency funds and reported that communities may not fully realize the economic benefits from funded activities for up to 10 years after construction of a project is complete. We included this expanded description of brownfield activities

in the report and also revised the report to clarify that economic benefits from EDA grants would accrue over the long term.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 14 days from the date of this letter. At that time, we will send copies of this report to Senator Max Baucus, Senator Christopher S. Bond, Senator John H. Chafee, Senator Frank R. Lautenberg, Senator Barbara A. Mikulski, Senator Robert C. Smith, Representative Sherwood Boehlert, Representative Robert Borski, Representative John D. Dingell, Representative Alan B. Mollohan, Representative James L. Oberstar, Representative Michael G. Oxley, Representative Bud Shuster, Representative Edolphus Towns, and Representative James T. Walsh in their capacities as Chair or Ranking Minority Member of Senate and House Committees and Subcommittees. We will also send copies of this report to the Honorable William H. Daley, Secretary of Commerce; the Honorable Carole Browner, Administrator of EPA; the Honorable Andrew Cuomo, Secretary of HUD; and the Honorable Jacob Lew, Director of the Office of Management and Budget. Copies will also be made available to others on request. If you would like additional information on this report, please call me at (202) 512-6111.

Sincerely yours,

A handwritten signature in black ink, appearing to read "P. F. Guerrero", with a long horizontal flourish extending to the right.

Peter F. Guerrero
Director, Environmental
Protection Issues

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Table 1: A Comparison of Agencies' Planned Investment in the Partnership Agenda and Obligations and Loan Guarantees for Brownfields During Fiscal Years 1997 and 1998

Abbreviations

DOT	Department of Transportation
EDA	Economic Development Administration
EPA	Environmental Protection Agency
GSA	General Services Administration
HUD	Housing and Urban Development

Scope and Methodology

To respond to our first and second objectives—to compare federal agencies' planned financial investment for brownfields, as stated in the Partnership Agenda, to their actual obligations for brownfields in fiscal years 1997 and 1998, and to describe the purposes of these obligations—we used a structured data collection instrument to request and then review the fiscal year 1997 and 1998 brownfield-related obligations and activities of the following agencies: (1) the departments of Energy, Health and Human Services, Housing and Urban Development, and Transportation, (2) the Economic Development, the National Oceanic and Atmospheric, and the General Services administrations, and (3) the Environmental Protection Agency. The stated financial commitments pledged by the administration to the Partnership for these eight agencies made up the total \$300 million federal investment as well as \$165 million in loan guarantees. We also reviewed the fiscal years 1997 and 1998 obligations for the Department of Agriculture and the U.S. Army Corps of Engineers. While these two agencies did not have an amount of planned financial investment included in the Partnership Agenda, they did have a number of nonfinancial action items to accomplish. We determined that in implementing these actions, both agencies could have obligated funds for brownfields, so we included them in our review. We interviewed those managers responsible for brownfield-related activities in these 10 agencies to confirm that they agreed with the proposed financial assistance as stated in the Partnership Agenda for them. We discussed the extent to which the agencies achieved the planned spending, and we obtained corroborating documentation where available. We also discussed with them the primary reasons why they were not able to obligate funds equal to the planned amounts in the agenda.

To respond to our third objective—to determine the extent to which agencies met the Partnership's goals and objectives—we used a structured survey to obtain the brownfield managers' perspectives on these issues. We confirmed with the managers their agency's interpretation of the Partnership's goals and objectives as stated in the May 1997 announcement and determined the extent to which the agencies adopted these or other goals. We next asked them to demonstrate the extent to which they met these goals and to provide documentation where possible. Furthermore, we discussed the primary reasons for any unmet goals. We also selected 2 of the 16 brownfield showcase communities to review, ones in Salt Lake City, Utah, and Dallas, Texas. We chose these two because they were among the first communities selected for this pilot and therefore had the longest experience with it. We used a structured survey to obtain community officials' views on the benefits and limitations of the

federal agencies' approach to providing them brownfield assistance under the pilot and on any ways in which the federal government could improve this support.

Finally, we also met with representatives of several professional associations that have responsibility for brownfield issues. We selected the following associations because they represent community interests and have been most active in the area of brownfields: the U.S. Conference of Mayors, the National Association of Counties, the Association of State and Territorial Solid Waste Management Officials, and the National Association of Local Government Environmental Professionals. We discussed with them their understanding of the Partnership initiative and overall federal involvement in brownfields, the benefits and limitations they observed from this involvement, and ways in which the federal government could improve its support for redeveloping brownfields. We also obtained and reviewed the results of any studies they had done on the issue of brownfields. We conducted our work from June 1998 through March 1999 in accordance with generally accepted government auditing standards.

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