Congressman Bill Pascrell's Livable Communities Newsletter – Solutions for Cleaner, Safer Living

February, 2002 **Issue III**

On March 20th at 4pm, the Livable Communities Task Force will host a briefing on the "Small Business Liability Relief and Brownfields Revitilization Act," which became law in January. The event will be held in Longworth House Office Building room 1116, and will provide an excellent opportunity for business, industry, government and other interested parties to learn how their districts can improve and benefit from the new Brownfields law. In addition to Congressman Pascrell and other members, representatives from the EPA, The Northeast Midwest Institute (our speaker coined the phrase "Brownfields") and The Real Estate Roundtable, an industry association, will be speaking. Please contact Kim Zarish-Becknell or Ann Marie Benitez at 202-225-5751 with any questions or comments.

Dear Colleagues:

Car-oriented urban expansion has become a global phenomenon, and its effects aren't just disrupting pleasant neighborhoods and making it harder for people to get around. When new construction caters to cars, those who cannot drive lose out. For example, children who must rely on adults to drive them most places do not have the opportunity to develop the independence and fitness enjoyed by children who can get around on foot or by bicycle. The non-drivers include a third of the U.S. population.

In a dramatic transition, the share of people living in and around urban areas surged from 10 percent in 1900 to nearly 50 percent of the world's 6 billion today, and is projected to top 60 percent by 2030, with nearly all the growth in developing countries.

Yet urban population growth alone does not account for sprawl. Satellite and census studies show many cities consuming land much faster than they are adding people. The acreage covered by metropolitan areas in the United States has increased even in cities where the population has declined.

Road transportation is by far the fastest growing source of carbon emissions, hastening global warming and increasing the precarious dependence of industrial nations on oil. The National Interstate and Defense Highway System Act of 1956 launched a frenzy of highway-building across the country, and while the goal was to facilitate travel between cities, the unintended result was also to pave more roads within cities.

In this issue, we will respond to President Bush's new policy toward fuel-cell technology for automobiles. As a huge supporter of fuel cell technology, I cannot help but be concerned that not considering other short-term solutions to our oil-dependence and air-quality problems will cause harm.

I will also continue to inform you about brownfield redevelopment. This issue focuses on three programs administered by HUD that provides funding alternatives for your communities.

Sincerely,

Bill Powell J

President Bush's Fuel Cell Technology Program: Reducing Emissions in the Short-Term - Fuel cells for the future; CAFE for today

The Bush Administration has made no secret of their desire to reduce our dependency on foreign energy sources. Developing livable communities can go hand in hand with this laudable goal

that is critical to our economic stability and national security.

To reduce dependency, it is imperative that we find ways to get people out of their cars and find alternative means of transportation. However, we cannot require commuters to use mass transit. What we can do is find automobiles that are environmentally friendly and help us reduce our dependency on foreign oil. Proposals being put forth by this White House do not deal with this critical issue in a real and timely manner. The Bush plan to support fuel cell technology is a positive step, but is a long term goal that might be an effective partner, not alternative, to possible short term steps.

At the Detroit Auto Show last year, Energy Secretary Spencer Abraham announced that the Bush Administration will end the Partnership for a New Generation of Vehicles (PNGV), a Clinton initiative started in 1993, and replace it with the "FreedomCAR (Cooperative Automotive Research) program, intended to further develop "hydrogen as a primary fuel for cars and trucks," by utilizing fuel cell technology. The $150 million FreedomCAR plan focuses on the development of fuel cell technologies that run on hydrogen, whose only emission is water vapor.

PNGV was intended to create a family sedan with an 80-mpg fuel rating by 2004. Secretary Abraham correctly criticized the large investment of taxpayer money in a program that is not designed to lead to any more fuel-efficient cars on the road. Full fuel efficiencies associated with PNGV technologies will not be realized in large numbers until breakthroughs render them more cost-competitive. Furthermore, as the domestic manufacturers followed through on this partnership, Japanese automakers have successfully moved forward with competitive hybrid technology, although domestic manufacturing is following suit with hybrid offerings in the next few years.

Fuel cells have great potential and federal support for their development is a good use of resources. The $8.1 million increase in the FY03 Bush budget proposal for fuel

cell vehicles is money well spent. H Power Corporation is a leading fuel cell developer based in Clifton, NJ that will benefit from this funding. On their website, H Power states "that as stationary, portable and mobile [fuel cell] products gain acceptance in the market and are manufactured in large quantities, their cost will decline and their reliability will increase, which will enable these products to provide electricity competitively for a wide variety of applications and geographical territories." (http://www.hpower.com)That sounds like a great energy policy for the future and support for research and development is a proper government action.

However, the investments in fuel cells through the new FreedomCAR initiative does not have any hopes of bringing a commercially viable fuel-cell powered car to the market for at least ten years, well after the present Administration will be long gone. FreedomCAR merely reframes the issue of fuel-efficient vehicles and redirects criticism of the Administration's reluctance to take immediate action to increase fuel economy standards and reduce our oil consumption.

There are certainly other options available to bring cleaner cars to the road more quickly. Ideas such as raising CAFE (Corporate Average Fuel Economy) Standards can be implemented sooner and effect changes now. Increasing the fuel efficiency of automobiles is the biggest single step the United States can take to reduce consumption of fossil fuels and the threat of global warming. We have a tool to achieve this goal in the form of CAFE mandates. Raising CAFE standards is the biggest single step we can take to curb global warming and reduce our dependency on energy imports.

CAFE is a fleet-wide average standard. In any given model year it requires that the average for an automakers entire fleet meet it's goals. Manufacturers can still make vehicles that get less than the standards, as long as they balance them with more efficient vehicles. Hybrid and fuel cells can be parts of this equation. However, as the energy President, we are

seeking leadership for not just the distant future, but the present as well.

Brownfields Update: HUD Dollars Available for Redevelopment

Much to the delight of the environmental and smart growth communities, this January the Small Business Liability Relief and Brownfields Revitalization Act was signed into law by President Bush. The measure is expected to help revitalize aging urban areas and curb the growing trend toward suburban sprawl. The Act combines two previously introduced legislative proposals - the Small Business Liability Relief Act (HR 1831) and the Brownfields Reform Legislation (S 350).

I want to help spread the word about funding opportunities that are available to communities that are interested in developing brownfield properties in their towns and cities. Programs offered by the U.S. Department of Housing and Urban Development can play a critical role in local economic development. Cities and towns across the country use HUD resources to support a wide variety of financial assistance programs — such as loans and loan guarantees, grants, and technical assistance. Despite program changes and likely budget cuts, HUD initiatives harbor considerable potential to support future brownfield revitalization efforts.

Community Development Block Grants (CDBG)

The CDBG program is one of the most useful federal initiatives providing direct funding for activities that could support the reuse of industrial sites. Distributed to cities according to formula (either directly or, in the case of small cities, through the states),

CDBG resources can be used to finance the rehabilitation of privately-owned buildings and sites, covering specific costs related to labor, materials, construction, or renovation. They also can pay for services such as entrepreneurial counseling, preparation of work specifications, loan processing, and site inspections.

Block grant funds, therefore, are well-suited to the "new generation" of industrial site reuse projects that require a much stronger focus on environmental concerns. Since large and small cities can use CDBG funds for grants, loans, loan guarantees, and technical assistance activities, the program is a highly versatile tool to stimulate private investments in targeted distressed areas, such as those with a concentration of largely abandoned, obsolete industrial facilities.

Specifically, HUD has determined that eligible CDBG expenses include both the costs of environmental reviews, as well as the actual cleanup of identified hazards. Block grant funds also may cover the costs associated with the use of new environmental investigative procedures (such as those developed by the American Society of Testing and Materials) to identify toxic hazards at a site. Like all efforts supported by CDBG resources, activities aimed at identifying or remediating environmental contamination must meet one of the program's national objectives: providing benefit to low- and moderate-income persons; aiding in the elimination or prevention of slums or blight; or meeting other urgent community needs.

Section 108 Loan Guarantees

A related HUD program, known as Section 108 loan guarantees, enables local governments to finance physical and economic development projects too large for front-end financing with single-year CDBG grants. Under Section 108, localities issue debentures to cover the cost of such projects, pledging their annual CDBG grants as collateral. The debentures are underwritten and sold though public offering by a consortium of private investment banking firms assembled by HUD, which guarantees each obligation to

ensure a favorable interest rate. Local governments can use their annual CDBG allocations to pay off these obligations, although most use income generated from the development project for some or all of the payments. Activities undertaken with money from loans guaranteed under Section 108 must meet the basic requirements of the CDBG program.

Communities have used Section 108 guarantees for property acquisition, clearance or rehabilitation of obsolete structures, construction of public improvements such as water and sewer facilities, and site improvements. Brownfield projects also can be financed through Section 108 guarantees; site preparation activities may include removing hazardous wastes and toxic contaminants.

Clearly, Section 108 and CDBG resources are well-suited to an industrial site reuse strategy. In addition to creating new economic opportunities for low- and moderate-income and economically disadvantaged persons, these programs can bring new life into brownfield areas, eliminating blight by helping to correct conditions deemed harmful to public health and safety.

Empowerment Zones and Enterprise Communities

Empowerment zones (EZs) and enterprise communities (ECs) are geographic areas targeted to receive special federal treatment and incentives in order that private investment and other economic activity might be attracted to them. Depending on the plan developed for each area, benefits can include financial, regulatory, as well as technical assistance.

In December, 1994, HUD and the Department of Agriculture named 95 enterprise communities (65 urban ECs and 30 rural ECs), as well as nine empowerment zones (six urban EZs and three rural EZs). Designation brings several benefits to the selected areas, including $100 million in social service grants for each of the urban EZs, $40 million to each rural zone, and $3 million to each EC. In addition, designated communities can compete for as much as $2.5

billion in new tax incentives to induce investment in the targeted distressed areas.

Applicant jurisdictions were required to specify how they would use these resources to confront economic distress and unemployment. Many applicants identified the problem of brownfields and stated that overcoming associated barriers was a critical element of their local economic revitalization strategy.

Additional information is available on HUD's web site at: http://www.hud.gov