



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 4, 2005

### **H.R. 280**

### **Brownfields Redevelopment Enhancement Act**

*As ordered reported by the House Committee on Financial Services  
on March 16, 2005*

#### **SUMMARY**

CBO estimates that implementing H.R. 280 would cost \$99 million over the next five years, assuming appropriation of the necessary amounts. Of this amount, \$69 million would be used by the Department of Housing and Urban Development (HUD) to provide grants to local and tribal governments to support the environmental cleanup and economic development of brownfield sites. (Brownfields are properties where the presence, or potential presence, of a hazardous substance complicates the expansion or redevelopment of the property.)

The remaining \$30 million of the bill's estimated cost would be used by HUD to establish a pilot program to encourage more communities to support redevelopment efforts at brownfield sites. Under such a program, communities would apply for private loans for the redevelopment of brownfields and use the grant money either as collateral for those loans or to cover the subsidy cost for HUD to guarantee the loans. For this estimate, CBO assumes communities would use the grant funds as collateral.

Enacting H.R. 280 would have no impact on direct spending or receipts.

H.R. 280 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would provide benefits to local and tribal governments.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 280 is shown in the following table. The costs of this legislation fall within budget function 450 (community and regional development).

	By Fiscal Year, in Millions of Dollars					
	2005	2006	2007	2008	2009	2010
<b>SPENDING SUBJECT TO APPROPRIATION</b>						
Brownfields Redevelopment Spending Under Current Law						
Budget Authority <sup>a</sup>	25	0	0	0	0	0
Estimated Outlays	24	24	20	15	9	6
Proposed Changes:						
Brownfields Redevelopment Grants						
Estimated Authorization Level	0	26	27	27	28	29
Estimated Outlays	0	1	6	15	21	26
Pilot Program						
Estimated Authorization Level	0	10	10	10	0	0
Estimated Outlays	0	2	10	10	8	0
Total Changes						
Estimated Authorization Level	0	36	37	37	28	29
Estimated Outlays	0	3	16	25	29	26
Brownfields Redevelopment Spending Under H.R. 280						
Estimated Authorization Level <sup>a</sup>	25	36	37	37	28	29
Estimated Outlays	24	27	36	40	38	32

a. The 2005 level is the amount appropriated for that year for the Brownfields Redevelopment Program.

## BASIS OF ESTIMATE

For purposes of this estimate, CBO assumes that the bill will be enacted before the start of fiscal year 2006 and that necessary amounts will be appropriated for each fiscal year. Estimated outlays are based on historical spending patterns of the brownfields program and the disbursement rate of other loan programs.

H.R. 280 would authorize the appropriation of such sums as may be necessary for brownfield development grants for fiscal years 2006 through 2010. Assuming appropriations at the 2005 level, adjusted for inflation, CBO estimates that funding would total \$137 million over the 2006-2010 period for HUD grants to public entities for assistance in the cleanup and redevelopment of brownfield sites. We estimate that outlays resulting from those appropriations would sum to \$69 million over the five-year period. (Appropriations have been close

to \$25 million for each of the past eight years. If they were to continue at that level through 2010, resulting outlays would be about \$65 million over that period.) Enacting this legislation also would remove the requirement that brownfield redevelopment grants be used in conjunction with section 108 community development loan guarantees.

According to HUD, it would take about three years to implement a pilot program aimed at encouraging additional redevelopment efforts at brownfield sites. Based on the number of communities likely to participate and on previous HUD proposals to establish such a pilot program, CBO estimates that the department would need \$10 million annually over the next three years. If appropriated, we expect that such funding would be used by communities seeking to redevelop brownfield sites as collateral for private loans.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 280 contains no intergovernmental or private-sector mandates as defined in UMRA. Local and tribal governments would benefit from a national brownfield pilot program and the decoupling of brownfield grants from the section 108 loan guarantee program. Such changes would provide grantees more flexibility in using federal funds. Any costs associated with participating in the grant and pilot programs would be incurred voluntarily.

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