This “de-linking” of BEDI funding from the Section 108 program will help to improve its visibility as a key source of Federal funds to trigger Brownfields redevelopment activities. Additionally, it establishes the BEDI program as an independent program by separating it from the section 108 (q) economic development initiative program as a new section 123 of the Housing and Community Development Act of 1974.

Third, it increases the allowable guarantee limit for section 108-backed loans used in conjunction with Brownfields activities—cities and states could access an additional five times their annual entitlement for Brownfields cleanup and redevelopment. This provision will provide smaller communities with the opportunity to assemble a capital pool of sufficient size to cover the costs of Brownfields site preparation. It also gives cities more practical options to pursue Brownfields reuse strategies—for example, to acquire and clean up sites themselves, and assemble them into tracts that best fit markets and uses they have identified. The increase in the allowable guarantee limit for section 108-backed loans for Brownfields activities applies only prospectively to obligations guaranteed after the date of the enactment of the legislation.

Fourth, it promotes Section 108 Loan Guarantee Brownfields activities by better addressing the developmental realities of this type of real estate development. This will be achieved by clearly identifying Brownfields redevelopment activities as eligible activities under the Section 108 program, thereby enabling the loan funds to be used for a wider range of activities that support Brownfields reuse. It also encourages communities to identify and coordinate other public and private funding sources for Brownfields projects by allowing them to count as leverage in terms of award criteria.

Fifth, it implements HUD’s Community Empowerment Fund (CEF) Pilot program. The CEF Pilot is designed to use the Section 108 Loan Guarantee program in combination with the Economic Development Initiative (EDI) grant program. It is noteworthy that several years ago, HUD issued a Notice of Funding Availability (NOFA) and guidelines, but failed to implement the CEF Pilot program. The CEF Pilot is designed to mitigate or even eliminate the risk of loss to a community’s CDBG program inherent in making business loans funded by the Section 108 Loan Guarantee program. The CEF Pilot combines modern private sector financial engineering with privatization of much of the administration of business loans. The EDI grants are to provide a pooled cash loan reserve to cushion against losses resulting from defaults on business loans funded through the Section 108 Loan Guarantee program and reducing the risk to the community's CDBG program.

Sixth, and finally, it directs HUD to undertake a comprehensive study of Brownfields redevelopment issues on a nationwide basis. While Brownfields redevelopment has become a critical community and economic development issue over the past five years, it seems that there has not been a thorough Federal ef-