

Removing the Barriers

Repositioning Brownfield Sites for Success

**EPA RE-Development
Academy**

September 10, 2021



Webinar Instructors



Michael Taylor, President of Vita Nuova LLC, a national consultancy, leads the repositioning and disposition of complex sites including former nuclear sites, refineries, chemical facilities and sites with significant stigma due to off-site contamination or other issues. He regularly leads the practice in revitalizing distressed communities and environmental justice areas.



Elaine Richardson has 30 years of experience in senior positions in firms servicing the real estate and environmental industries. She has an extensive background in real estate market analysis and property marketing, as well as managing tough issues with stakeholders—public, press, government, and industry. She has have contributed to over four dozen reuse assessments and redevelopment planning processes on properties across the country.



Patrick Rowe Is a public finance and real estate development professional with over 15 years of experience. He works with communities around the country, helping match public and private finance to make redevelopment projects work. He is an expert in opportunity zones tax credits, municipal, state and federal funding programs and creating public/ private partnerships using local incentives to get deals done.



Course Objectives

- Develop a basic understanding of the real estate development process and the factors that effect its success.
- Identify the available tools and methodologies to evaluate properties and address environmental, legal, and physical constraints.
- Enhance leadership and decision-making skills by learning what actions communities can take to remove the barriers to redevelopment.



Real Estate Refresher



Environmental Reasons for Brownfields Redevelopment

- Sustainable redevelopment ensures the long-term protectiveness of the remedy.
- Redevelopment is a funding source for institutional and engineering controls and any required ongoing O&M.
- Integration of cleanup and redevelopment provides a funding source for orphaned properties.
- Remedies must be compatible with current and future use to ensure users are safe.

Stages of Development

- Pre-Development
 - Feasibility Analysis
 - Due Diligence
- Deal Management
 - Securing the Deal
 - Financing
- Site Preparation and Development
 - Entitlements
 - Vertical construction and redevelopment
 - Project marketing and Pre-leasing
- Property Management
 - Hold vs. Exit Strategies



Pre-Development: Visualizing the Opportunity

Same site- different ideas

- Redevelopment ideas based on market focus
 - Developers specialize for a reason
 - Most look at current zoning /uses to determine if interests align
- Goals and objectives – what's driving interest
 - How does the Developer make money?
 - Spec vs. Build to Suit
 - Hold vs. Flip
 - Profit is not always in the end product



Pre-Development: Evaluating the Potential

Risk vs. Reward

- Determining feasibility requires determining risk
- Unpredictable timing
- Significant cash outlay; no income
- This is when developers walk away



Pre-Development: Securing the Approvals

Go – No Go

- Negotiating the deal
- Obtaining entitlements and regulatory approvals
- Securing financing and insurance



Development: Different Approaches

Types of Developers

- Land
- Vertical
- Redevelopment

Types of Developments

- Residential
- Retail
- Office
- Industrial/Logistics
- Mixed Use



Types of Developers/Developments

Energy



Office



Retail



Warehouse/Distribution



Residential



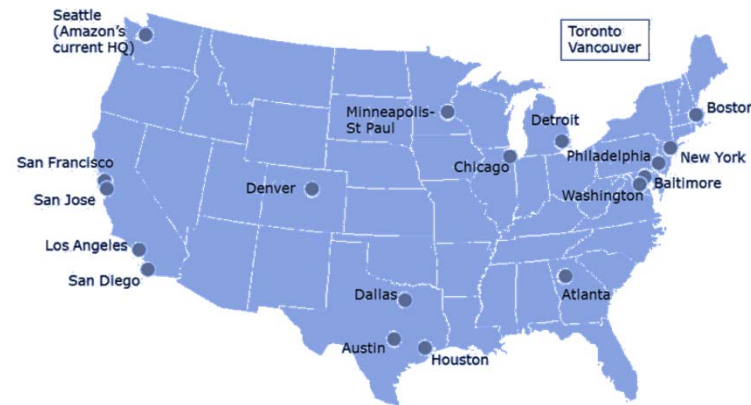
Development: End User Site Selection

End users drive the selection process

- Time
 - All site selection projects are under limited time schedules
- Budgets
 - Companies have a definitive budget they must meet
- Criteria
 - Companies have specific criteria they must meet
- Business objectives
 - Market
 - Regulatory climate
 - Tax structure
 - Operating Environment
 - Access to markets
 - Workforce needs

20 Metro Area Contenders for Amazon's HQ2

B | Metropolitan Policy Program
at BROOKINGS



Site Selection Criteria

	Convenience store	Discount (dollar) variety store	Fast food	Urgent care	Fitness center	Discount grocery store	Retail gasoline and convenience
Land size	1.0+ Acre	1.5 - 2.5 Acres	1-1.5 Acres	Preferred Retail Plaza	Preferred Shopping Plaza	2.5 – 4 acres	1.0+ Acre
Building square feet	3,000	10,000	3,500 – 4,000	5,000	7,000	18,000 – 22,000	56,000+ sf combined building, service & parking
Parking requirement	8 spaces per 1,000 sf	4 5 spaces per 1,000 sf	15 spaces per 1,000 sf	4 spaces per 1,000 sf		85 spaces per 1,000 sf	
Population required	5,000+ within 1 mile	20,000+ within 3 miles	30,000+ within 2 miles	75,000+ within 3 miles	25,000+ within 5 miles skewed female	35,000+ within 3 miles	15,000 within 1.5 miles
Traffic count	25,000+ vehicles / day	4,500+ vehicles / day	20,000+ vehicles/day	40,000+ vehicles / day	20,000+ vehicles/day	20,000+ vehicles / day	20,000+ vehicles / day
Typical initial lease	5 years	10 years	10 years			10 years	

Development: Attracting Corporate End Users

What can communities do?

- Make information publicly available
 - State and regional websites
 - Regional property databases are extremely helpful
 - Information must be clear and easy to find
 - Existing markets, industries, type of operations, economic clusters
 - Labor pool, training programs, higher education
 - Quality of life, housing, communities, schools
- Prepare the Sites
 - “Shovel Ready” sites have fewer risks
 - Saves substantial time



Development: Attracting Developers/Buyers

1st tier real estate market (NYC, Seattle, Los Angeles)

- Areas with active markets – all classes (ind, res, comm)
- Requires little if any public funding to make the numbers work unless sites are heavily contaminated or other encumbrances. Gateway cities, around ports, major metro areas.

2nd tier real estate market (Buffalo, Cleveland, Indianapolis)

- Areas with active real estate market mostly focused on residential and downtown.
- Public/Private partnerships required for redevelopment. Many times, build to suit.

3rd tier real estate market (Gary, In; Pocatello, ID; Meriden, CT)

- No significant development
- Some public investments/almost always build-to-suit.

4th tier real estate market

- Rural



pwc
Emerging Trends in
Real Estate 2018

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Questions & Answers



Removing the Barriers



Repositioning Brownfield Sites for Success



Understand needs



Community Needs and Concerns

Project Goals
Site Inventory
Community Engagement
Community Needs/Concerns

Collect Information



Reuse Assessment

Environmental Impact
Land Use/Infrastructure
Market Study
Opportunities and Constraints

Evaluate Information



Reuse Plan

Reuse Vision
Risks and Liabilities
Viability and Feasibility
Disposition Strategy

Define Path Forward



Reuse Implementation Strategy

Risk Management
Investment Package
Site Investigation and Cleanup
Property Disposition

Make it Happen



Reuse Implementation

Leverage Resources
Support/Facilitate Reuse
Operation/Management

Removing the Barriers

Source: Revitalization-Ready Guide



Types of Repositioning Activities

- Compile and clarify property data and facts
- Identify, evaluate and improve:
 - building conditions
 - utilities and infrastructure
 - location, access and visibility
- Review and update land use regulations
 - to account for market changes and allow flexibility
- Characterize, quantify and address environmental conditions
- Identify and resolve legal entanglements
- Identify, compile and promote available funding sources

Repositioning is a term used in the real estate world to describe actions that prepare a site for reuse or redevelopment.

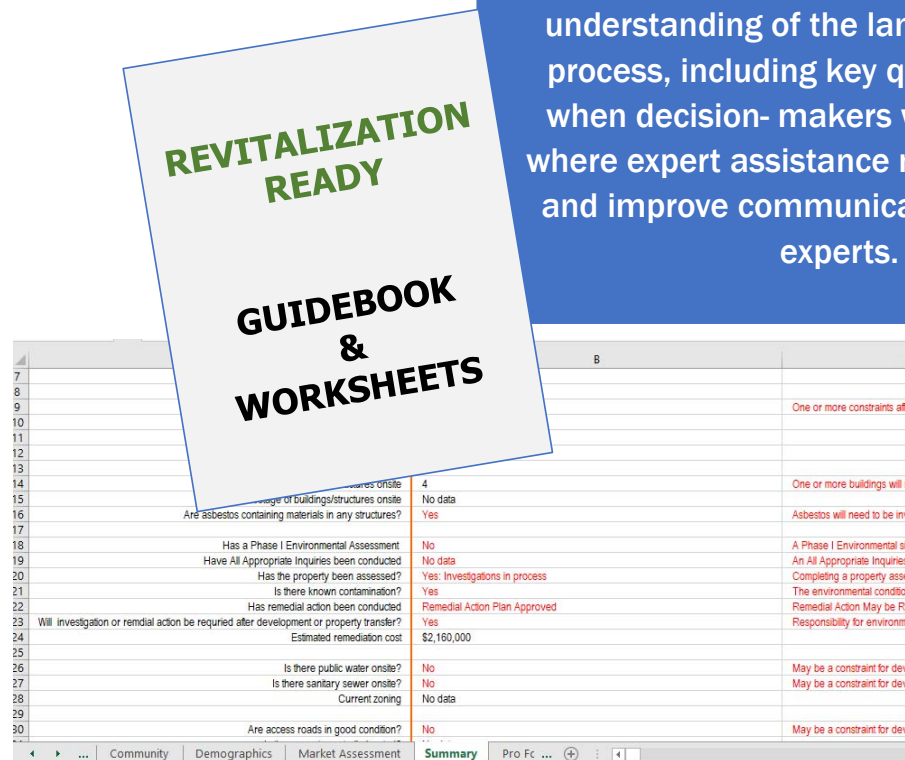
Revitalization-Ready

EPA's Guide to Revitalizing Land in Your Community

- Understand needs
- Compile information
- Evaluate opportunities
- Understand constraints
- Define a path forward
- Make the reuse vision a reality

Objective

Give communities a foundational understanding of the land revitalization process, including key questions to ask when decision-makers want to identify where expert assistance might be needed and improve communication with those experts.



Removing the Barriers



Due Diligence Process

Due Diligence is the process of identifying attributes and characteristics of the property.

- Environmental Due Diligence – Assessing the environmental condition and regulatory issues affecting the use of the property.
 - Conducted to meet the requirements for all appropriate inquiries
- Real Estate Due Diligence – Identifying available infrastructure, accessibility, easements, zoning and other characteristics to support reuse of the property.
 - Conducted to identify attributes and characteristics about a property that affect the ability to transfer or reuse a property

Site Reuse Assessment

- Identifies and evaluates key attributes and strengths/weaknesses about a property
 - site documentation
 - market data
 - environmental conditions
- Findings can
 - be used to identify possible funding sources and support grant applications
 - help potential developers or buyers evaluate the property

A Site Reuse Assessment helps communities understand the challenges associated with brownfields, set realistic expectations and prepare proactive redevelopment strategies.

Removing the Barriers



Opportunities and Constraints Analysis

This analysis looks at the information gathered in the Site Reuse Assessment and determines how redevelopment will be supported or constrained based on these four key components:

- *Site Characteristics Analysis*: documents the property features, such as landscape (e.g. wetlands, floodplain, surface water, steep slopes); buildings and structures; and deeded rights (e.g. legal easements, restricted uses, water rights)
- *Environmental Analysis*: determines the impact of environment conditions on property reuse
- *Land Use Assessment*: identifies land use options consistent with land characteristics and local land use regulations
- *Infrastructure Assessment*: identifies current conditions (e.g. utilities, access) that may present potential opportunities or constraints on future uses

Common Constraints: Site Characteristics

Ownership and Status

- Property survey, title, legal records

Encumbrances

- Legal easements
- Liens
- Deed restrictions

Existing Agreements

- Long-term Leases

Buildings and Structures

- Deteriorated buildings
- Asbestos and hazardous materials

Landscape

- Slopes, wetlands and floodplain decreasing buildable area

The Revitalization-Ready Guidebook and Worksheets help communities document the information and facts about a property and reach realistic options for redevelopment

14	Does any portion of the property contain wetlands?	Yes	
15	How much acreage?	10.00	acres
16	Or what percentage of the property?		
17			
18	Is any portion of the property in a 100 year flood plain?	Yes	
19	How much acreage?	10.00	acres
20	Or what percentage of the property?		
21	Do state and local building codes allow structures in flood plain areas?	Yes	Briefly describe
22			
23	Does any portion of the property contain endangered species or protected habitat?	Yes	
24	How much acreage?	2.00	acres
25	Or what percentage of the property?		
26			
27	Does any portion of the property contain archaeologically sensitive areas?	Yes	
28	How much acreage?	1.00	acres
29	Or what percentage of the property?		
30			

Property Inventory | **Property Characteristics** | L ... +



Common Constraints: Environmental

Unknowns

- Incomplete assessments
- Inability to quantify costs and risks

Types of Contamination

- Type and extent of contamination can affect redevelopment differently

Regulatory Framework

- Multiple regulatory agencies
- Unclear and inflexible regulatory programs

Environmental conditions do not preclude redevelopment. Developers need to be able to quantify the situation and know what land they can safely redevelop.

Common Constraints: Land Use

Comprehensive Plans

- Future land use planning
- Compatibility with community goals

Zoning

- Overly prescriptive zoning
- Zoning incompatible with current market

Regulations

- Federal, state and local regulations
- Unclear jurisdictions
- Conflicting regulations and requirements



Land use planning is a process, not a product to be produced and put on a shelf.

Common Constraints: Infrastructure

Utilities

- Sanitary, stormwater, water, electric, gas, other
- Type, size, condition, capacity, cost
- Interconnected utilities

Communications

- Cable, fiber optics, T1, G5, other
- Type, condition and capacity

Access

- Roadway conditions, volume and capacity
- Proximity to public transit and airports
- Pedestrian and bike-friendly

Industrial infrastructure

- Non-potable water, quantity, permitting
- Substation, specialty gases

An Infrastructure Evaluation can help a community identify service and capacity gaps and prioritize infrastructure investments that support redevelopment.



Removing the Barriers



Removing the Constraints

Two main type of constraints:

- Constraints that present risks to the developer and/or the deal
- Constraints that limit market opportunities

Removing constraints can potentially

- Ensure a deal can be finalized in a timely manner
- Expand redevelopment options
- Attract additional developers
- Increase property value

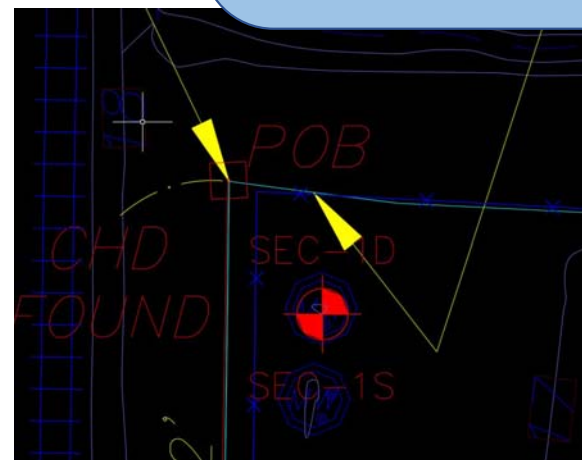


Removing constraints helps to reposition a site so it is ready for redevelopment and attractive to the real estate market

Legal and Administrative Actions

- Compile and clarify property data and facts
 - Ensure local records are accurate and up to date
- Review land use regulations
 - Do public documents reflect the community's current goals?
 - Update municipal and county websites
- Identify and resolve legal entanglements
 - Perform a title search
 - Is the title clear?
 - Are deeds recorded and can the records be found?
 - Review and address easements, restrictions other constraints
- Identify and promote available funding sources
 - Provide developers with solutions

Clearing a title of discrepancies takes time and time kills all deals. Don't wait for a property closing to resolve title issues



Site Assessment and Remedial Actions

The further along a site is in the investigation and cleanup process, the more attractive it is to developers

- Phase I Environmental Site Assessment is a critical due diligence step
- Phase II Assessments are even more beneficial
 - Types, extent and distribution of contaminants
 - Short and long-term liabilities
 - Regulatory obligations
- Performing some or all the required remedial actions adds value to the property



EPA and States offer funding for brownfields site assessment and cleanup. Additional funding may be available from other agencies for hazardous building materials.

Removing the Barriers



Thinking Beyond Brownfields Issues

Removing / reducing community constraints can increase interest and value

- Flood control improvements can redefine floodplains and reduce flood insurance requirements
- Demolishing derelict buildings improves curb appeal
- Investing in transit options can create new market opportunities
- Securing and renewing certain permits can attract end users



Funding and grant opportunities exist for a multitude of projects

- Maximize public and private incentives and programs

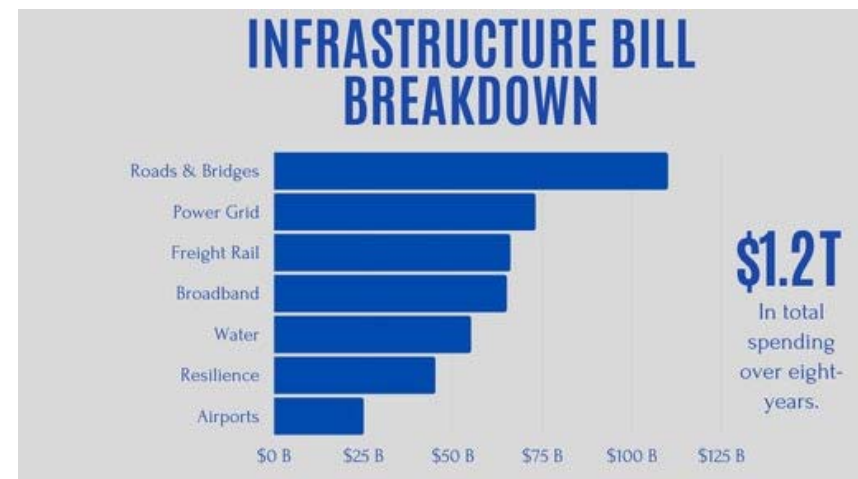
Removing the Barriers



The Role of Federal Stimulus Packages

Infrastructure investments attract developer interest

- Redevelopment projects typically cannot absorb significant infrastructure costs
 - Roads, sewers, fiber optic, broadband and other infrastructure
- Stimulus programs expand the economic benefit of the redevelopment to other parts of the community
 - Construction
 - Improved services
 - Resiliency improvements
 - New technologies



The Value of Local Incentives

Flexible. Local funds can be much more flexible in their application.

Leverage. May be used as match to leverage other funding sources, including federal funds.

Significance. Local incentives can be very significant in scale.



Questions & Answers



Taking the Long View



The City of Meriden, Connecticut



Removing the Barriers

Meriden, CT Brownfields Program

Two decade-long brownfields redevelopment program

- City-led, stakeholder-driven process “Blight and Brownfields Committee” -20 years running!
- EPA funding used to inventory, prioritize, assess and remediate sites
- By leveraging other resources, the City was able to remove barriers to redevelopment and attract developers



Challenges and Constraints

City planning studies and early reuse assessments identified several city-wide challenges and constraints that limited market potential and redevelopment options

- Numerous brownfields properties required site investigation and cleanup
- Several abandoned and derelict former industrial sites concentrated in the city center presented trespassing and safety hazards
- Poor access from major highways, complex traffic patterns, and an underutilized train station constrained access to available brownfields
- The Flood Control Implementation Committee, established in 1995, identified historic flooding in the downtown as a major challenge for financing, insuring and revitalizing downtown buildings.
- Limited housing options and concentration of distressed and obsolete public housing in the downtown constrained economic growth

Blight and Brownfields

Meriden is a medium-sized urban community situated midway between Hartford and New Haven, Connecticut

- In the early 1800s, the railroad and central location of Harbor Brook, which supplied a source of power, spurred economic and population growth
- Meriden became known as the “Silver City” due to the lucrative silverplating industry
- By the 1980s, Meriden’s manufacturing base declined, unable to balance the rising costs of business and global competition
- Obsolete and empty manufacturing buildings and environmental impacts remained



Commitment to Brownfields Revitalization

Empty manufacturing sites with unknown environmental conditions were scattered throughout the city.

In October 2002, the City formed the Blight and Brownfields (B&B) Committee

- EPA funding was obtained to inventory and prioritize 13 initial sites
- Additional sites added in subsequent years
- Comprehensive plan created to guide investments and decision-making
- A 20-year investment made to remove obstacles, reduce constraints and improve economic vitality of the city



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Abandoned Buildings a Deterrent

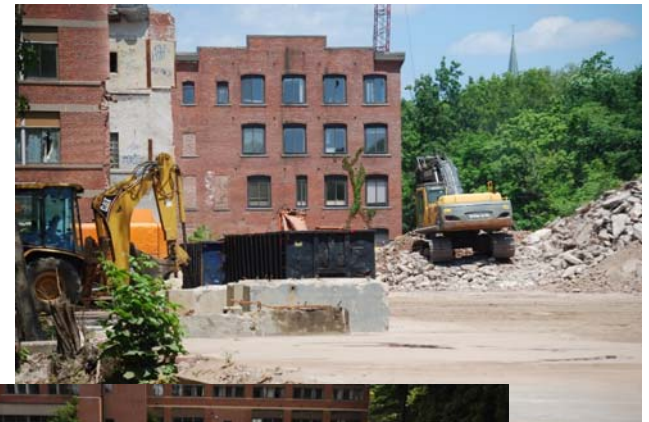
Abandoned buildings were a trespassing hazard and impacting the image of the city.

Assessment and hazardous material abatement performed in buildings

- Structural assessments
- Asbestos, lead paint and PCBs
- City secured problematic sites, used grant funding to offset abatement costs
 - State brownfield assessment and cleanup
 - CBDG Section 108 Loan
 - EPA assessment and cleanup

Demolition of obsolete buildings helped improve “curb appeal” and attract private interest in available sites

- Focus on preparing development-ready sites



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Access to Brownfields Sites Difficult

City leveraged brownfields efforts to attract funding for improved vehicular and pedestrian transportation options

- Added pedestrian and bicycle networks connected to regional greenway trail
- Improved traffic circulation through downtown
- Improved parking and access to businesses
- Created Boulevard on Pratt Street as a gateway to the city
- Added wayfinding signage

Traffic patterns were difficult to maneuver and did not present positive opportunities for visibility and access to properties.

The Meriden TOD initiative and its related projects are supported by local, state and federal agencies, including:

- City of Meriden
- Connecticut Department of Transportation (CTDOT)
- Federal Rail Administration
- U.S. Department of Housing and Urban Development (HUD)
- Connecticut Department of Economic and Community Development (CTDECD)
- Connecticut Department of Energy and Environmental Protection (CTDEEP)
- U.S. Environmental Protection Agency (USEPA)
- Army Corps of Engineers

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Broad Vision Improves Transportation



Pratt Street Boulevard gateway

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Train Station Underutilized

The existing Amtrak service to Meriden was not maximized and did not contribute to the economic vitality of the downtown or attract businesses looking for transit options.

City capitalized on state plan to expand rail service by creating a new transit-oriented district

- City efforts were a catalyst for state investment in the Meriden Train Station as part of major commuter rail improvement program
- A transit-oriented development zoning district was created to attract new development downtown



Flooding Identified as a Major Constraint

Historic and ongoing flooding of Harbor Brook in the downtown was a major constraint on redevelopment

City obtained state and federal funding for flood control improvements within the city

- \$35-50 million comprehensive flood control plan
 - Approved by CT DEEP and US Army Corps of Engineers
- Funding from FEMA and State
- Bridge improvements, channel widening, property acquisition and detention areas designed to reduce flooding and minimize risk of contamination spreading downstream
- Flood control efforts reduced the number of properties requiring flood insurance

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Flood Control Becomes a Centerpiece



The combined Brownfields Remediation and Harbor Brook Flood Project created a new destination in the city center.

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Limited Housing Options

Concentration of distressed and obsolete public housing downtown constrained opportunities for expanded housing and retail developments.

City recognized that brownfields redevelopment success was tied to overall downtown revitalization

- City worked with Meriden Housing Authority to integrate brownfields revitalization plans with plans for new mixed income housing.
- New quality affordable housing options were created for residents of the Mills Housing complex within walking distance of the Meriden Intermodal Center.
- New housing would be developed outside of flood zones; former public housing demolished



Mixed Use Opportunities Expanded



24 Colony Street Mixed Use – Opened 2016



Meriden Commons I & II – Opened May 2018

Removing the Barriers



Public Subsidies or Tax Incentives Required

To attract quality developers, public subsidies and tax incentives were required for most redevelopment projects.

City established long-term, strong partnership with local, state and private sector stakeholders to identify and access funding opportunities

- HUD Choice Neighborhood
- HUD Sustainable Communities
- CT DOT TOD Pilot Funding
- FEMA, City Capital Improvement Program for Infrastructure
- Low Income Housing Tax Credits
- State Housing Programs
- Opportunity Zone Designation
- State and federal brownfield grants



Lessons from the Silver City

Identifying redevelopment constraints and developing a long-term implementation strategy is key to success

Consistent leadership and staff important to pursuing and achieving results over the long-term

Positive relationships with the State government critical to obtaining support and funding

Creating a signature destination that attracts visitors and new residents helps sustain revitalization momentum.

It's a Long Journey:

“Little successes build to big successes and create momentum that results in long-term revitalization”



Timothy Coon, City Manager
City of Meriden, Connecticut
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Questions & Answers





Upcoming Webinars and Workshops:

Risky Business: Overcoming Challenges to Attracting Investment at Brownfields Sites - Oct 15

This webinar will present a process for identifying risks and liabilities that may be encountered in a typical brownfield redevelopment and discuss how a comprehensive reuse implementation strategy can help manage those risks.

Show Me How: Brownfields Redevelopment in Economically Distressed Areas - Nov 19

Everyone loves a success story, but the real story is in the details. This webinar will focus on three successful brownfield redevelopments in economically distressed areas.

Brownfields University Workshop, National Brownfields Training Conference Reposition and Redevelop Tough Sites: How Communities Can Succeed in Attracting Private Investment - Dec 8 | Oklahoma City, Oklahoma

Enter the world of high stakes brownfield redevelopment through a collaborative and interactive workshop! This four-hour workshop places participants in the role of the community and owner of a contaminated and otherwise complex property. Participants work through the process of creating value and positioning the property for redevelopment.



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