

# OVERVIEW

## Brownfield Investment & Redevelopment

RHODE ISLAND INFRASTRUCTURE SUMMIT

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# Definition

For purposes of this session, “brownfield” refers to:

- ▶ Real estate site that is impaired by either real or perceived environmental contaminants.
- ▶ Often the result of prior industrial use. Also includes sites in which contaminants have leaked (gas stations, dry cleaners). Depending on context, landfills are often considered to be brownfields, or they may be included in a category of their own.

# Brownfield Redevelopment

## Why

- ▶ **Location**
  - ▶ Infill or other valuable location
  - ▶ Power – Near Utility Substation
- ▶ **Land Pricing** – Discount for uncertainty, but often balanced with engineering & remediation costs
- ▶ **Public Policy** – Sometimes Reflected in Incentives (Grants, NMTC, HPTC, Opportunity Zones, ...)
  - ▶ Contain/remove potential threats to public health
  - ▶ Indirectly Preserve Undeveloped Land

## Why Not

- ▶ **Complexity**
  - ▶ Regulatory
  - ▶ Remediation
  - ▶ Financing
- ▶ **Risk**
  - ▶ Unknowns/Cost Over-Runs
  - ▶ Market Reception
  - ▶ Liability

# Due Diligence

- ▶ Characterization (Phase II – sampling/testing – will suggest a remediation/containment strategy. Often, additional sampling will required.)
- ▶ Remediation Cost Estimate
- ▶ Insurance
- ▶ Regulatory Approval
- ▶ Land Use Entitlements
- ▶ Re-Use Strategy & Market Acceptance
- ▶ Financial Analysis & Economic Feasibility
- ▶ Regulatory Approval
- ▶ Capital – Equity & debt sources are often outside the universe of traditional real estate investors

# Brownfield Redevelopment Participants

## Developer's Team

- ▶ Environmental Engineer
- ▶ Remediation Contractor
- ▶ Environmental Insurance
- ▶ Environmental Attorney

... In addition to the usual pre-development team (civil engineer, land use attorney, architect, land planner, ...)

## Stakeholders/Related Parties

- ▶ Land Owner/Seller
- ▶ State and/or Federal Regulators
- ▶ Local Government
- ▶ Neighbors