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Q Dear Todd:

I am the brownfield coordinator for a medium-sized city. We have identified a fifty-acre brownfield in a heavily industrialized area that seems well suited for redevelopment. Our mayor is adamant that we prioritize this property as a high-tech incubator site to “jump start” biotechnology in the city. My problem is that our city really has no biotech base or market to build on and we would essentially be starting from ground zero. I don’t think either the mayor or the economic development director get it. Any suggestions?

Frustrated in the
Midwest

Wake Up and Smell the Coffee: Brownfield Dreams Meet Market Reality

By Todd S. Davis, Esq.

A Dear Frustrated:

I feel your pain! I personally have witnessed many cases where the goals and aspirations of politicians toward a brownfield property meet head on with the Mack truck of market-based reality. Usually, the outcome just isn’t pretty.

Often, such political fields of dreams end up as vacant lots, even after the expenditure of millions of redevelopment dollars, until the appropriate end-use is identified. Further, this unrealistic approach often ends up tainting the market for supporting truly viable market-based brownfield redevelopment projects.

A wise man once told me, “You can’t turn a cat into a dog or a dog into a cat.” If your city has no biotech base, and no compelling reason for biotech to locate there — guess what — it’s going to be a very tough sell. No amount of wishful thinking is going to overcome market forces in a meaningful way. Therefore, to satisfy your bosses, and to maximize the value of your target property, focus on the following issues.

Highest and Best Use Meets Market Reality

Inherent in your question is your belief that a biotech park makes little sense for the site. Consider what truly is the site’s highest and best use.

Additionally, within the category of uses that makes sense (i.e., commercial/industrial), what type of user would have a catalytic impact on the community? For instance, would consolidating the operations of a local company now spread out in older buildings in the area make sense?

Finding the site’s highest and best use involves an evaluation of the property’s use that, at any particular time, is determined likely to produce the greatest net financial return in the foreseeable future.

This is true whether or not such use is the property’s current use. This evaluation typically involves a combination of studies, including market studies, discussions with lenders willing to finance proposed site development, and, of course, coordination with community stakeholders.

Market studies, in particular, will provide insight into project feasibility. In the present circumstance, a market study would evaluate whether a “biotech park” would make economic sense and be likely to secure financing.

We helped that type of consolidation on a major railyard redevelopment known as the Collinwood Yards in Cleveland. Jergens, Inc., a well known and respected local manufacturing company, consolidated its operations into a new 110,000 square foot building on a brownfield.

This spurred the redevelopment of approximately 200,000 square feet of additional new construction on the balance of the site, including the new home for the Cleveland Food Bank and a major support facility for the Cleveland Clinic Foundation, the city’s largest employer.

While nobody would confuse this redevelopment with North Carolina’s Research Triangle, it was, nonetheless, an overwhelming success. It happened relatively quickly, spurring even more comfort in brownfield redevelopment projects throughout the community.

Explain to your bosses, in the most politically sensitive manner, the reality of the situation. (Try a 7:30 a.m. meeting and bring double-shot cappuccinos.) Presenting a market-based solution that will still offer plenty of political bang will undoubtedly result in the best project with the highest likelihood for success. **BFN**

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