

**BROWNFIELD RESOURCE GUIDE AND CONFERENCE ISSUE**

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## **DOING THE DEAL**



**STAMP**

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# Momentum in Mantua: A Pro-Active Approach to Brownfield Redevelopment

By Todd S. Davis, Esq.

Many communities struggle on their own to choose the “right strategy” by which to tackle thorny brownfield sites plaguing their communities. As any savvy brownfield redeveloper knows, there is no cookie-cutter approach to producing great brownfield redevelopments. There is, however, a consistent process or template communities can follow to maximize opportunities to create catalytic projects of scale and impact. Mantua has adopted the right approach to this process.

## Adopting a Pro-Active Approach

Recognizing the need to create its own opportunities, Mantua adopted a pro-active approach to brownfield redevelopment. Equally important, the community recognized its own appropriate role and took affirmative steps toward mitigating both the political and economic risks perceived by potential, private-sector redevelopment partners. Mantua’s approach, therefore, is instructive to other communities active in brownfield redevelopment. From my perspective as a brownfield redeveloper, Mantua embraced several key strategic decisions

Mantua didn’t pretend to act as the developer, instead it adopted the role of facilitator. The township focused on bringing down the barriers that precluded effective brownfield redevelopment. Recognizing the community’s strengths, as well as the role the private sector is best positioned to play, is the key to successful brownfield redevelopment.

The community also established the political groundwork necessary to facilitate the redevelopment, conduct-

ing several specific activities to further advance the project.

Namely, it identified a larger redevelopment area, bringing scale to the project, which often provides more opportunities to address brownfield issues on a cost-effective basis in the context of the transaction. For example, the cost of addressing a \$2 million environmental issue in the context of a \$3 million development is much more difficult than resolving a \$2 million problem in the context of a \$20 million redevelopment.

Mantua also identified several preliminary, yet viable, redevelopment options. Notably, it did not preclude residential redevelopment as an option. And there are precedents to show that residential redevelopment makes the most economic/market sense and can be developed on brownfield sites to safeguard human health. Many communities, however, preclude this option out of a desire to increase its tax base through job creation. Unfortunately, predetermining end use in a matter that precludes market-based redevelopment substantially reduces the likelihood of project success. In this case, not only did Mantua evaluate all of its options, it also did the preliminary groundwork necessary to facilitate the rezoning process.

Collectively, these activities, though relatively easy for a community, are critically important to reducing project risk, thus increasing opportunities for private developers to invest capital in brownfield projects.

## Preliminary Due Diligence

The township also conducted preliminary due diligence to quantify not only environmental concerns but

possible infrastructure improvements as well. Obviously, there is a balance as to how far a community needs to proceed in the due diligence process based on available resources. However, the better potential issues are quantified, the lower the risk to the redeveloper. Further, initial due diligence funding serves as the greatest financial risk for redevelopers, because if the issues are too great in the context of the project pro forma, the redeveloper has spent a great deal of initial due diligence that becomes a “sunk cost.” If a community can provide this initial due diligence funding, preferably by working with a developer and a development plan, the community has maximized its chances for success.

## Utilizing the Experts

Recognizing that the community did not have all of the answers, Mantua engaged the NBA through the STAMP process to identify the best redevelopment options. Engaging the services of a sophisticated team of brownfield redevelopment experts always will pay great dividends. In fact, no community ever should try to “go it alone” in the brownfield redevelopment arena.

Therefore, by focusing on the community’s strengths, adopting a pro-active role as facilitator (rather than as developer) and reducing the barriers/risks, both politically and economically, Mantua’s momentum has maximized its chances for a catalytic redevelopment project. **BFN**

*Todd S. Davis, Esq., is CEO of Hemisphere Development LLC, a nationally recognized brownfield redevelopment company based in Cleveland, Ohio.*