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The Economic Divide



Do You Have the William Hung of Brownfield Sites?

Adopt the Simon Cowell Approach to Brownfield Redevelopment

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I have a strong interest in developing a very large, old printing site used primarily to print sheet music. Solvents historically used to clean the printing presses created a significant set of environmental issues. Both the local politicians and several community groups are absolutely convinced the redevelopment can be successful. But, based on my pro forma, the costs to redevelop the site appear to outweigh the value, even with the subsidies I can identify. Further, the site is located in arguably the worst neighborhood in a less than thriving real estate market. Any ideas on how to make this deal work?

Musically Challenged Third Tier City

Dear Musically Challenged:

Since your site is undoubtedly "out of tune" from a redevelopment perspective, my advice is inspired by the approach of one of the great sages of our time, Mr. Simon Cowell. If you have ever watched "American Idol," you will quickly realize that the local community groups and politicians evaluate this opportunity more like Paula Abdul. "Well, looking at the bright side, the acreage is quite large. Who knows, with enough time, money and consulting advice maybe you'll have a hit!" Don't listen to them. Instead, ask yourself: What would Simon say?

Simon Cowell, America's ultimate realist, would advise, "That deal is pathetic. It really, really is! In my opinion, it sounds like you have uncovered the William Hung of brownfield deals!

It's just ghastly!"

While Simon may have overstated the reality just a bit, it's better to be brutally honest when evaluating a deal than to be overly optimistic. In our business, the saying, "It's better to dodge a bullet than miss an opportunity," certainly rings true. That being said, I do have an idea that may allow you to sing a different tune, even on an upside-down deal in a tough market.

Public-Private Partnerships Make Tough Deals Work

As I have consistently emphasized in my articles, upside-down deals on brownfield sites pose the perfect opportunity for a city (or non-profit) to build a public project, utilizing the services of a private brownfield developer. In fact, placing a

public project on a brownfield allows the city to "kill two birds with one stone," eliminating the brownfield while constructing a necessary public project.

The end use can be anything that fits the neighborhood (e.g., new post office, courthouse, whatever). The point is that governments should collaborate with private brownfield redevelopers proactively to locate such buildings on local brownfields. This approach might be the only way Simon would let you get to Hollywood. **BFN**

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