



Real Estate Development and Contaminated Sites: Achieving Success in Today's Regulatory Environment

January 31 - February 1, 2006

New Jersey Department of Environmental Protection

200-Level Course

SPONSOR

US EPA, Office of Solid Waste and Emergency Response, Land Revitalization Office



LAND REVITALIZATION

restoring land for America's communities

ATTENDEES

Program staff, managers, and attorneys from EPA, states, tribes, and local government. The course may be of particular interest to staff from the waste, watershed, and community-based programs.

OVERVIEW

From 2002-2005, the Land Revitalization Office offered the 100-level course, *The Anatomy of a Real Estate Development: What Government Regulators Need to Know About Real Estate Development*, to EPA regional, state, local, and tribal representatives. The course provided knowledge of basic real estate principles and the redevelopment process and provided an introduction to the interaction of EPA regulator programs and the private real estate development process. The "Real Estate 200" course is an in-depth opportunity to learn how to redevelop a contaminated property. Participants will focus on how environmental cleanup costs, regulatory policies, and liability issues impact the real estate transaction and how these issues influence the making of a successful real estate deal. In addition, case studies will involve a "to-scale" planning exercise in order to help you understand issues surrounding the integration of cleanup and redevelopment.

REGISTRATION

There is no registration fee to attend this course. However, all participants must register by visiting <http://www.trainex.org/>. Type "Real Estate" in the search box to locate the course (the first on the list). Use the password, RE200, to register. Be sure to select a workgroup in which to participate (Superfund, RCRA, or Brownfields). *As the course is limited to 42 people, please be sure to cancel your registration on the website if you find you cannot attend to make space for others.* If you have any questions or problems with registering, please contact Diane Dopkin at (301) 589-5318, extension 22.

LOCATION

The training will be held at:

New Jersey DEP
401 East State Street
Trenton, NJ 08608
<http://www.nj.gov/dep/>

LODGING

For out-of-town participants, we recommend you stay at the Trenton Marriott at Lafayette Yard (approximately 0.5 miles from DEP)

Trenton Marriott at Lafayette Yard
1 West Lafayette St
Trenton, NJ 08608
Phone: 888-796-4662, or 609-421-4000
<http://marriott.com/property/propertypage/TTNMC>

EPA's policy is to make reasonable accommodation to persons with disabilities wishing to participate in the Agency's programs and activities, pursuant to the Rehabilitation Act of 1979, 29 USC 791. Any request for accommodation should be made to the specified registration contact, preferably one month in advance of the registration deadline, so that EPA will have sufficient time to process the request.

DRIVING DIRECTIONS

New Jersey DEP

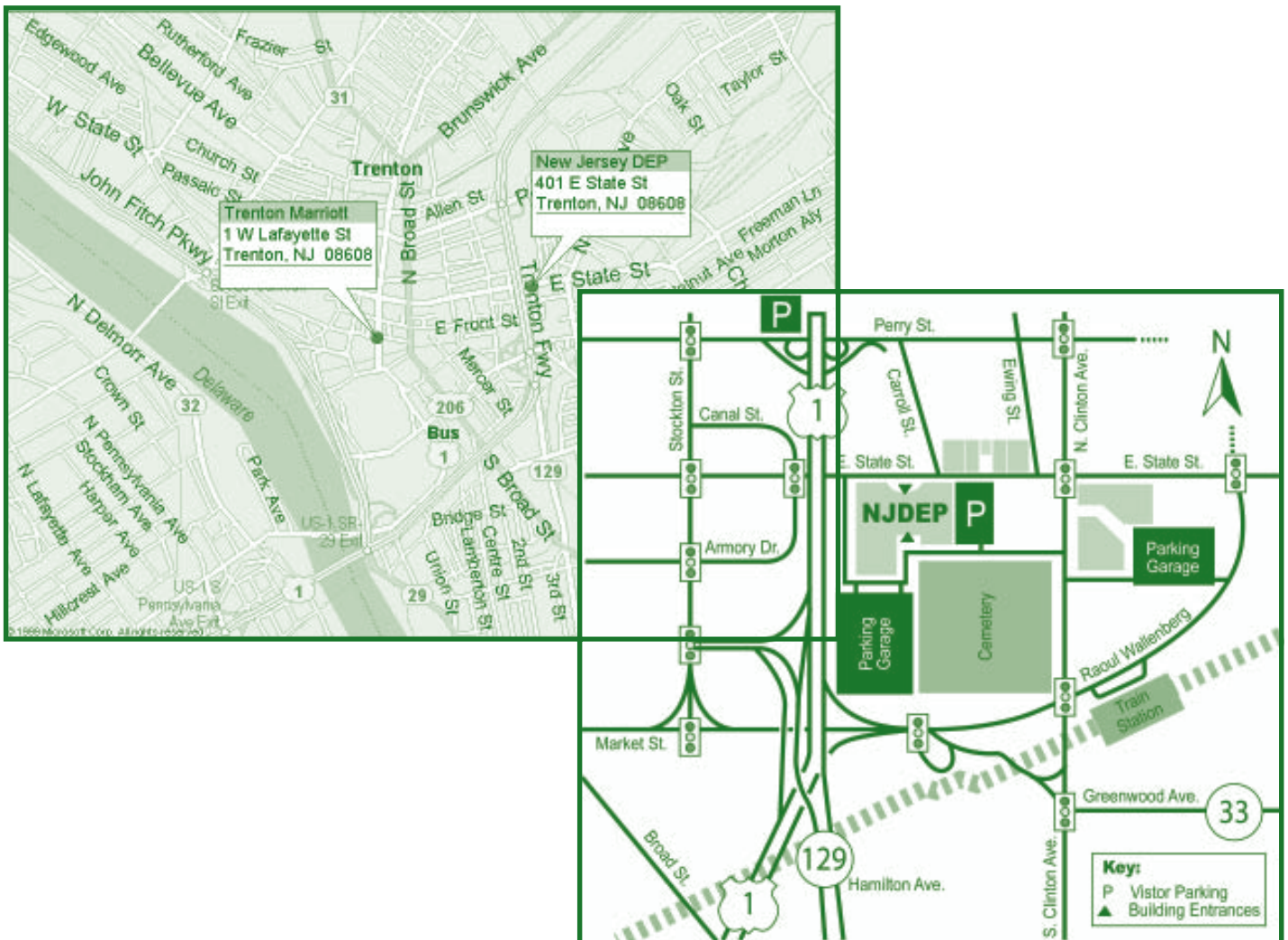
From the South: Take 295 North to exit 60-Trenton, Route 129. Stay straight and follow Route 129 towards Trenton. The road splits. Take the right fork towards Route 1. It will turn into Route 1 after the Hamilton Avenue exit. Take the exit for Perry Street. At the top of the ramp, bear right onto Carroll Street. Follow that road to the end. Follow that road up one block to East State Street. You will be facing the DEP building. For the parking garage, make left onto East State Street to traffic signal. That is Clinton Avenue. Make right turn onto Clinton Avenue, and the garage entrance is about half way down the block on the left.

From the North: Take the New Jersey Turnpike to exit 9 (New Brunswick) to Route 1 South. Follow Route 1 South to Trenton. Take the exit for Perry Street. At the top of the ramp make a right onto Perry Street, go over Route 1. Make a right onto Carroll Street. Follow that road to the end. Make a right onto East State Street. DEP headquarters will be on your left.

From the East/shore areas: Take 195 West, passing the turnoff for 295. Stay straight and follow Route 129 towards Trenton. The road splits. Take the right fork towards Route 1. It will turn into Route 1 after the Hamilton Avenue exit. Take the exit for Perry Street. At the top of the ramp bear right onto Carroll Street. Follow that road up one block to East State Street. You will be facing the DEP building. For the parking garage, make left onto East State Street to traffic signal. That is Clinton Avenue. Make right turn onto Clinton Avenue, and the garage entrance is about half way down the block on the left.

PARKING

Street meter parking or a private garage is located behind 22 S. Clinton Ave. Enter the garage entrance at driveway at middle of S. Clinton Ave.



PRESENTERS

Barry Hersh
Brownfields Redeveloper
Vita Nuova LLC and Associate Director
Steven L. Newman Real Estate Institute

Michael B. Taylor
Brownfields Redevelopment Consultant, President
Vita Nuova LLC

Joshua Kahr
Real Estate Finance and Marketing Consultant
Professor of Real Estate, New York University

COURSE AGENDA

Day 1 Wednesday January 31	8:30-9:00	<p>Registration and Light Refreshments</p> <p>Overview: Purpose and Goals of Course</p> <p>Module I: Seed Capital to Cashing Out: How Finance drives the Development Deal Real Estate 101 revisited The Role of the Developer What is a <i>Pro Forma</i>? Introduction to Leverage Financing Phases Sources and Uses Schedule The Deal Structure Types of Developers/Development Environmental Value Pyramid Environmental Impact on the Deal The Case for Sustainability Green Buildings and Financial Performance Case Study: Background</p> <p>Break</p> <p>Module II: Market Analysis: How the Pros and Locals Decide What to Build The Real Estate Cycle What is a Market Analysis? Different Kinds of Studies The Market Analysis Process and Market Data What Drives Demand? Supply Influences The Reuse Assessment Marketing Opportunities for Green Buildings Case Study: Market Analysis</p> <p>Lunch</p> <p>Module III: Planning and Zoning: Control at the Local Level Site Relationship to Neighborhood Design in the Context of Neighborhoods The Tasks Required before the Site Plan is Developed Zoning Analysis - What is Regulated Locally? Case Study: Planning and Zoning Considerations Characteristics of a Well Planned Site Characteristics of a Sustainable Landscape Case Study: Three Options for Development</p> <p>Groups Report Redevelopment Concept</p> <p>Break</p> <p>Presentation of Case Study Environmental Data Group Exercise #2: Due Diligence – Identify Deal breakers Every developer needs to consider the upside and downside of purchasing any property. The property is contaminated. Participants will work together to explore the potential “deal breakers,” including environmental cleanup, regulatory policy, and liability issues. They will formulate initial strategies for addressing deal breakers. As an example, participants will consider such issues as Bona Fide Prospective Purchaser (BFPP), windfall lien, uncontrolled costs, financial responsibility, as well as other issues based on the individual program. Group Discussion- What are the deal breakers/risks for developing this property?</p> <p>Group Exercise #3: You Bought the Property! – Make your Deal Happen Determine the impact of the contamination on your design. Make changes to the remediation approach and see the financial impact of cleanup. Practice integrating cleanup and redevelopment. Determine your best strategies for minimizing risk issues. Participants will use laptops computers to calculate the financial pro forma of the development scenario considering the impact of contamination.</p> <p>Adjourn</p>
	9:00-9:15	
	9:15-11:00	
	11:00-11:15	
	11:15-12:15	
	12:15-1:15	
	1:15-2:00	
	2:45-3:00	
	3:15-3:15	
	3:15-4:00	
4:00-5:00		
5:00		

Day 2 Thursday February 1	8:45-9:00 9:00-10:15	Coffee and Registration Module IV: Small, Large, Tough, Isolated and Ugly – the Role of Public/Private Partnerships in Real Estate The Upside Down Property Even the Best Sites Can be Tough 7 Strategies for Promoting Site Reuse Options for Small Sites Example of a Small Site Large Site Example Tough and Isolated sites
	10:15-10:30 10:30-11:45	Break Module V: Risk Analysis: How the Developer Identifies and Controls Risk Where are the Risks? Risk Management Approach Environmental Risk Management Which Risks Concern Developers? Risks and the Redevelopment Cycle: Short, Medium and Long-Term Risks Risk Allocation Risk Transfer Risk Reduction Addressing the Liabilities Panel Discussion
	11:45-12:15	Module VI: Financing the Deal – Sustainability and Project Finance The Impact of Time on the Deal Sources of Funds Revisited Cashing Out The Role of Institutional Owners Options for Cashing Out Institutional Controls and Permanent Finance
	12:15-1:15 1:15-2:15	Lunch Breakout Exercise #4- Develop A Risk Management Plan – Prepare for Permanent Financing Based on the previous exercise, develop a preferred scheme and cleanup approach that maximizes the sustainability of the redevelopment. The goal of all developers is to cash out. In this final exercise, the group discusses their plan for addressing short, medium and long-term risk issues as part of the deal completion phase of the project. This includes paying for cleanup, addressing risk and regulatory hurdles, and defining strategies for ensuring long-term sustainability of the cleanup. Prepare your case for presentation to the bank.
	2:15-3:15 3:15-4:00	Group Discussion- Present Case to Group Module VII: What Lies Ahead – Ready for Reuse? EPA Program Initiatives Public-Private Partnerships Taking on Tough Sites Greening Contaminated Property Redevelopment Achieving a Balance
	4:00	Adjourn