

# The Commercial Record

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## Brownfield Site Uses Remain a Challenge

By Jeff Haynes

**B**ETTER WAYS TO GET TO BETTER uses.

That remains Connecticut's challenge in working with the hundreds of brownfield sites across the state. Defined as properties falling short of their best use due to real or perceived environmental risk, brownfields pose a myriad of challenges to owners, potential developers and their surrounding communities.

In February, the state's Task Force on Brownfield Strategies is slated to give its second report to the Legislature. A recommendation from last year's report, which called for greater coordination among all state agencies involved in brownfield redevelopment, has just been formalized via an agreement between the departments of Economic and Community Development, Environmental Protection and Public Health, and the Connecticut Development Authority.

"The memorandum of understanding that has been signed between all of the state agencies is a fantastic first step," said Lee Hoffman, a partner at the Pullman and Conley law firm's Hartford office and a member of the brownfield task force.

"There is now one door that everybody goes through in order to start the brownfield process," Hoffman said. Depending on the project, that door could lead to the DEP, CDA or another state agency, he added, but a liaison will be there to guide the applicant through the process.

The new agreement makes it simpler for developers and investors, particularly those from out of state, and it helps make sure no steps are missed, Hoffman noted. He also said it will help municipalities who are trying to get abandoned brownfield sites back on the tax rolls.

"They'll get tax revenue when it's redeveloped, and they'll also get rid of urban blight



Photo courtesy town of Killingly

**The state is searching for ways to get the best possible uses out of its brownfield sites. One such property, formerly the site of an Anchor Glass manufacturing plant (at left in photo), will be the home of the Killingly Commons shopping center.**

in their town," Hoffman said. "I think a year or two from now, you're going to see that that pays off huge dividends as we get a real market going – both buying and selling."

The town of Killingly hopes to gain about \$800,000 in annual tax revenues, once the Killingly Commons shopping center is completed. The site was once home to an Anchor Glass manufacturing plant, with about 1 million square feet of industrial space.

Those buildings have been demolished and subsequently replaced with plans for an \$80 million, 500,000-square-foot retail center. Elsie Bisset, the town's economic development coordinator, said a Lowe's home im-

provement store and Stop & Shop supermarket are under construction and slated to open in May. The entire site is slated for completion by the end of the year, she added.

Getting to this point has been an 11-year process.

"Anchor Glass actually closed [the Killingly plant] in April of 1997," Bisset said. With the closure, 350 employees lost their jobs, she said.

Anchor Glass maintained ownership of the building, but was looking for a buyer. The property was zoned for industrial use,

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and when the prospects of finding another manufacturer looked slim, the owners presented the town an idea.

"The owners came to us in planning and zoning and said, 'We want to have a mixed-use zone, because we think that we can't sell it for manufacturing, so we would like to sell it for commercial, as well, or to have a mix of uses,'" Bisset said.

The town subsequently created a "mixed-use interchange" district for the site.

"It would allow 100 percent industrial or 100 percent general commercial, or a mix of any of those," Bisset said. "And the zone has to be within a certain amount of feet of an interstate interchange. That was a creative thing on behalf of the owners and the town."

While the proximity to the interchange suited the zoning change, that same access to Interstate 395 also boosted the site's marketability. Bisset described it as "a prime site" right off the interchange and in the town's commercial center.

### **'Real Estate Transactions'**

As much as any other factor, the location appears to be key in determining which brownfield sites are redeveloped.

"The reality is brownfields are real estate

transactions, not environmental transactions," Hoffman said. "They just have an environmental aspect to them. But they are, at their core, real estate transactions. Therefore, you need to have good real estate basics before you can do a deal."

There are some abandoned properties that would make great projects, but they're not near highways and do not have the population density to support them, he said. "And those properties are going to have larger problems getting redeveloped, not because they're so contaminated, but because they don't make sense from a real estate transaction point of view," he added.

Andrew Davis, a partner at the Dewey & LeBoeuf law firm's Hartford office, agreed.

Davis said he encourages clients pursuing brownfield redevelopment projects to "begin with the end in mind." Developers need to consider "what is it we need for infrastructure, roads, access, etc.," he noted.

Those types of questions may pop up more frequently common regarding brownfields, as brownfield redevelopment is expected to become more popular.

A survey released late last year showed that 52 percent of environmental and government professionals involved in brownfield projects are seeing an increase in the

pace of redevelopment activity, according to Milford-based Environmental Data Resources, which conducted the survey. Another 47 percent of respondents view brownfield activity as stable, and none of the respondents indicated any slowdown in redevelopment.

"People are much more comfortable today than they may have been even five years ago with the whole brownfield concept," said Derek Ezovski, a managing director at EDR. There is a greater awareness of both the environmental and liability issues, he said.

"In Connecticut, they're trying to create a benefit for what they call 'white knights' – someone who has not been previously involved with the property, but wants to come in and redevelop it," Ezovski said.

The idea, outlined in the brownfield task force's first report, is to provide protections so developers are not penalized for environmental damage caused by a site's prior owner.

"The crux of what is going on in Connecticut, and I would guess across New England and the nation as well, is to try to help promote more development – to get property that may be abandoned, mothballed or may have some better uses to get back on the tax rolls," Ezovski said. ■

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