

Site Remediation Puts Properties Back in Play

BUILDING: Engineers Busy With Environmental Healing

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The local office of SCS Engineers recently advised developer and architect Mike Burnett on the conversion of a former Texaco station site into a new apartment development incorporating station elements, in San Diego's Golden Hill neighborhood. Photo by Foundation for Form

Rising demand for new apartments in the region's urban-core neighborhoods has quickened the pace of new project assignments for SCS Engineers and its competitors who advise developers on ways to put old contaminated sites to new uses in environmentally friendly ways.

Dan Johnson, southwestern regional environmental services director in SCS's San Diego office, said he's seen a noticeable rise in queries in the past 12 to 18 months related to site remediation for apartments and other mixed-use residential projects being planned or built in infill locations.

As commercial apartment and affordable-housing developers increasingly build small-scale projects in the city's established older neighborhoods, the sites now being chosen are often long-vacated "brownfields," sites containing known chemicals or other contaminants left over from prior occupants.

During the recession, it was not financially feasible to invest large amounts of money to convert those former commercial sites to new residential uses, but that's changing in the current high-demand environment. Johnson said his firm is seeing increasing requests to advise on the repurposing of land sites that once housed businesses such as gas stations and dry cleaners, in now popular enclaves such as downtown San Diego, North Park, Hillcrest and Golden Hill.

"A lot of the infill sites in these neighborhoods have some kind of legacy environmental issues," Johnson said. That in turn requires extra time and investment to be devoted to cleaning up sites and making them viable to future developers and investors — a prospect that is currently most feasible in the region's hot apartment sector.

SCS, for instance, advised the city on the repurposing of land that eventually became Petco Park and the Ballpark District in East Village. More recently, it has consulted for developers on smaller projects that turned former gas station sites into new apartments and retail spaces in Pacific Beach and Golden Hill.

Financially Feasible

Overall improvement in the nation's housing and construction economy has brought corresponding new business for engineers and others who provide project-related environmental remediation and consulting services. The research firm IBISWorld Inc. reported that the U.S. environmental consulting industry saw revenue grow by an average of 4.5 percent annually in the past five years, reaching \$17.6 billion in 2014.



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Revenue is expected to rise an additional 5.5 percent annually over the next five years, hitting \$23.1 billion by 2019. There is steadily increasing demand for companies that assist construction, manufacturing, and other sectors in mitigating their impact on the surrounding environment, while navigating changes in pollution-related regulations.

IBISWorld projects that U.S. construction values will rise 5.2 percent annually over the next five years, sparked in part by increasing construction investment by the private sector. “Developers are increasingly interested in constructing sustainable buildings, which are now perceived to be more valuable by potential buyers,” researchers said. “Therefore, consultants will provide advice and aid builders in achieving their sustainable goals.”

At Encinitas-based consulting firm Dudek, senior environmental engineer Derek Reed said his company, in the past 18 to 24 months, has seen a noticeable rise in work related to the rehabilitation of long-vacated sites that until recently were deemed too contaminated to be feasibly developed, or even placed on the market for sale.

“We’ve seen a big uptick in work related to the sales of some of these distressed properties,” Reed said, adding he’s expecting to see current trends continue well into the coming year and beyond.

Provided the zoning is in place, apartments and other mixed-use residential projects are now penciling-out for developers on sites that once housed service stations and older retail centers that contained dry cleaners.

According to government estimates, there are currently 450,000 brownfield sites in the U.S., and more than 50,000 in California. Local engineers said older former dry-cleaning sites in particular must be rehabilitated to remove toxic chemicals from the soil. In other properties, substances like lead, ash, solvents and other chemicals must be removed from the ground to prevent the creation of harmful vapors that could later enter new buildings constructed on the site.

Development Driving Work

Michael Foster, senior line director in charge of contaminated lands for San Diego-based construction services provider Kleinfelder, said remediation and repurposing likely will be a continued necessity in coming years in places such as downtown San Diego.

Kleinfelder, for instance, recently advised operators on the \$316 million consolidated rental car center now under construction at San Diego International Airport and set for a 2016 opening. Completion of that project will bring large-scale relocation by car rental firms and related service providers from throughout the downtown area, leaving spaces that will need to be prepared for other types of occupants.

“That’s going to open up a lot of spaces for potential new uses or new development,” Foster said.

While not yet returning to the level of project work seen in 2005, Johnson said SCS Engineers in the past two years has seen the strongest stream of development consulting queries since the recession ended, due largely to the rise of apartment projects in local urban neighborhoods.

During that time, Johnson said his firm has helped local city agencies and developers line up around \$1 million in state and federal remediation grants to convert older urban properties to new uses in places like downtown San Diego — home a century ago to businesses like foundries and tanneries, and now the site of several new apartments and mixed-use developments in the works or nearing completion.