

## TAMPA BAY Business Journal

IN DEPTH: COMMERCIAL REAL ESTATE MONTHLY

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### Guest Opinion

## Finding creative new ways to develop land in Tampa Bay

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There are 71 designated brownfield areas throughout Florida, [Tampa's Land Development Coordinator](#) says. Since brownfields are abandoned or underutilized commercial or industrial properties with some environmental contamination, that could be a big problem. Or, as we see it, a very big opportunity.

There is a real shortage of close-in developable land and most of these contaminated properties are near populated areas. Adaptive re-use of our nation's inner-city brownfields offers an incredible opportunity to provide sorely needed land for housing, recreation or commercial development and a practical way to clean up our environment -- while providing robust risk-adjusted returns on real estate.

Some brownfields are actively used properties, such as gas stations with leaking storage tanks, shopping centers afflicted with solvents from dry cleaners, or industrial areas still suffering chemical spills from long ago. Federal, state, and local governments -- particularly the military, own a surprisingly large number of properties.

Some brownfield redevelopment is already under way in this area. The [U.S. Environmental Protection Agency](#) awarded Tampa \$200,000 to fund cleaning up two pilot areas and another \$200,000 in revolving loan funds to perform environmental site assessments in East Tampa.

Also, Tampa has applied for brownfield designation for East Tampa, which includes Belmont/Jackson Heights, College Hill, Galloway Heights, Grant Park, Ybor Heights, V.M. Ybor, Southeast Seminole Heights, Highland Pines, and Northview Hills; and portions of Live Oaks Square and Northeast Community.

Public-private partnerships are the key to these sorts of transformations.

The private sector brings development expertise and equity capital to the table. Given their other investment options, it is only reasonable that they expect an above-average, risk-adjusted rate of return for undertaking these projects.

For the public sector, a new development should generate public revenue in excess of public costs, improve the surrounding environment, and provide an appropriate mix of both commercial real estate and housing for all income levels. Because the public sector has a mandate to facilitate affordable housing in urban areas, states and municipalities often can bring tax-free financing, tax credits, credit guarantees or other incentives to bear.

Additionally, the public sector brings certification expertise, zoning and density variances or other concessions, and is often able to waive certain regulatory/compliance costs. Sometimes, successful development of a brownfield requires the use of a municipality's eminent domain powers to clean up title problems or provide unity for dismembered tracts.

For example, Clearwater has been one of the most aggressive applicants and users of EPA brownfield development resources. It was awarded \$500,000 from the EPA to fund a revolving loan fund to clean up brownfield sites in Clearwater. [Their Department of Economic Development and Housing](#) recently identified

several target projects, including the Bayfront Marina, Beach Walk, Jack Russell Stadium, North Greenwood Economic Redevelopment Strategy, Station Square Development and Downtown Redevelopment Plan.

The challenge in all of these higher-risk, higher-reward projects is that they require highly specialized analysis by real estate consultants to determine what a piece of property is worth both before and after the remediation process so the owners know how much they can invest in the project and still get their money back.

Concurrently, engineering firms must determine what has to be done to mitigate environmental concerns at the site and calculate the costs to the project. By addressing environmental concerns as part of the construction, versus a stand-alone project, the mitigation costs can often be offset.

Municipal governments need to find, cultivate and work with these risk-adapted developers while the demand for urban places to live continues to grow. The better solution is for more public-private partnerships of developers and municipalities actively working to reuse the abandoned brownfields that exist today.

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