



COLORADO
Hazardous Materials
& Waste Management Division
Department of Public Health & Environment

How, When & Why to Partner with the Private Sector

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About EFG

EnviroFinance® Group, LLC is a land development company that acquires, remediates and repositions environmentally impaired real estate

Typical Projects:

- Infill
- 5-100 Acres
- Public Financing component
- Master Plan ->Cleanup->Infrastructure



ASARCO Refinery
Denver, CO



Koppers Site
Denver, CO



St. Anthony's Hospital
Denver, CO



Former Leher's Greenhouse
Wheat Ridge, CO



About 9th Path

- Brokerage & Investment
- Planning & Design
- Project Management
- Asset Management
- Environmental Advisory
- Custom Assignments



Why are we here? – Demystifying Brownfield Partnerships

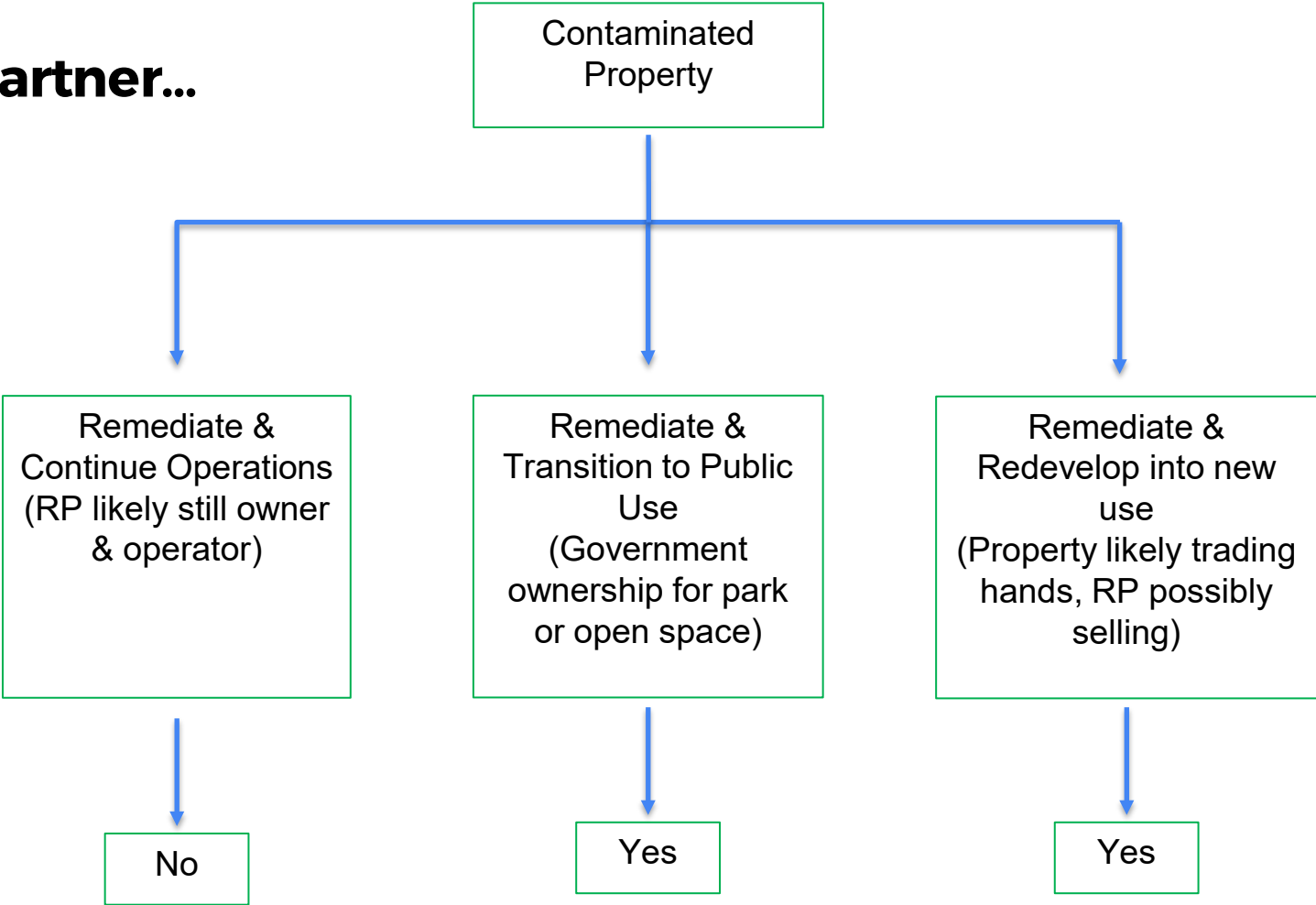


Our Perspective...

- “Private Sector” means the private development community
- “Partnering” means engaging as early as possible for the entire process
- Surprise! We have and opinion that you need us



When to Partner...



Why to Partner...

Brownfield redevelopment **costs more**, takes **longer**, and is **riskier**.

- Anything you can do to **reduce** cost, time, risk is a win.
- An effective way to do that is to redevelop **concurrent** with remediation.
- An effective way to do it concurrently is to **partner** with brownfield developer

Said another way...

It's standard procedure to engage an environmental firm as part of remediating a contaminated property.

Shouldn't it be standard procedure to engage a developer as part of redeveloping a contaminated property



How to Partner...

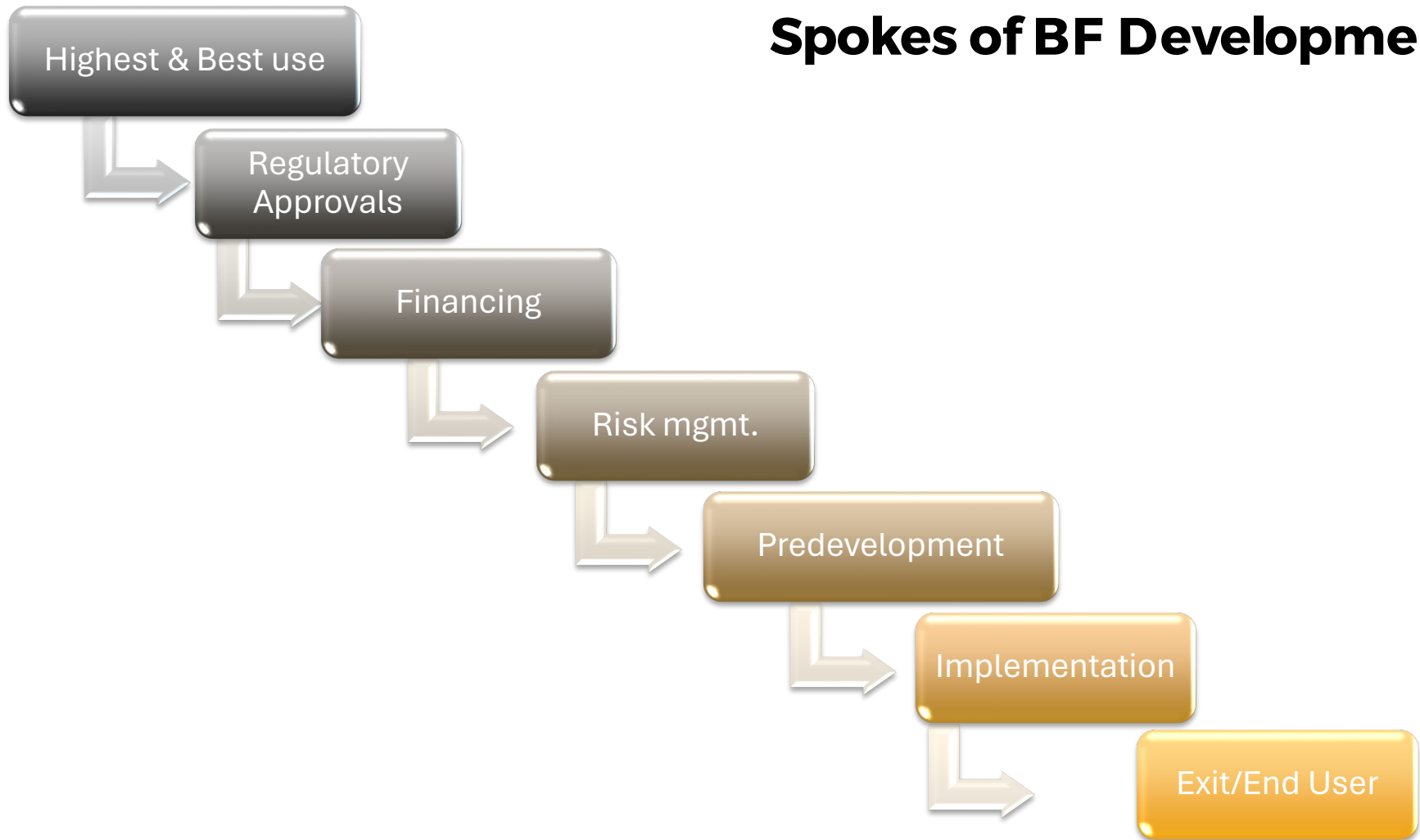
Scale, size, nature of contamination and redevelopment plan informs type of partnership.

Engage early to determine best type of partnership:

- Intro call resulting in consultant recommendations
- Limited Scope Consultant (paid monthly to get to closing)
- Consultant / Project Manager (equity stake in lieu of pay)
- JV Partner (bring equity to deal)



Spokes of BF Development



Highest & Best Use

“The most profitable, legally permissible and physically possible use of a property.”

Analysis involves:

1. Potential Uses
2. Market Demand
3. Physical and Legal Constraints
4. Financial Feasibility

BF Analysis involves:

1. Community goals



Highest & Best Use

We often need to reframe what this means to your community.

Instagram



Vs

Reality



Highest & Best Use

OPPORTUNITY SUMMARY

Table 4: Overall Opportunity Summary

LAND USE	RESIDENTIAL	COMMERCIAL		
Product Description	Multifamily (Market Rate Rental Apartments)	Hospitality (Boutique Hotel)	Office (Build to Suit, Flex Space)	Retail /Restaurant (Auto-oriented restaurant, Med. Format Retail, Indoor Entertainment, Light Industry, Small Specialty Food Store)
Summary				
Demand	High	High	Low-Medium	High
Supply	Low	None	Low-Medium	Low
Compatibility	Medium	Medium	High	Medium-High
Cost/SF	High	High	Medium	Low-Medium
Private Sector Interest	High	Low-Medium	Low-medium	Medium
Risk	Low	Medium-High	Medium	Medium-High
Community Support	??	??	??	??
Political Support	??	??	??	??
Market Data				
Inventory	515 units	634 units	179,000 sf	1,100,000 sf
Under Construction	0	0	0	0
12 Mo Absorption	-4	N/A	-17,400	-7,200
Vacancy Rate	3.1%	N/A	11.30%	0.70%
Market Rent	\$764 per month	N/A	\$20.64 per sf	\$11.63
Market Sale Price	\$119,000 per unit	\$96,200 per room	\$146 per sf	\$173
Market Cap Rate	6.00%	8.60%	8.80%	7.97%



WHAT MIGHT THIS POTENTIAL USE LOOK LIKE?

Illustrative graphic, for example only



Alamosa's steady growth presents an opportunity to meet lagging residential demand, especially in the market-rate rental market, which is the only feasible option on this site due to the City's needs and the CBD zoning restrictions. Low vacancy, high absorption and a gap between renter income to available units indicates a strong demand for market rate apartments in the Downtown area. Compatibility would be high but this product will be impacted by the adjacent noise and visual impacts of 6th Ave. Design, quality, and price should address this. Total Development Cost for apartments is generally high, especially when adding a ground floor mixed-use component, but is offset by private sector interest.

MARKET DATA:

- **Market Demand:** High
- **Compatibility:** Not compatible Very compatible
- **Private Sector:** Low interest High interest
- **Investment Risk:** High risk Low risk
- **Cost to Build:** \$400-450 / sf

PROGRAMMING ASSUMPTIONS:

- **Total Building SF:** 15,500
- **Stories:** 2 stories w/ no ground floor commercial
- **Number of Units:** 28 units
- **Units SF:** 800 square foot average (1 and 2 BR)
- **Parking:** 50 (surface)
- **Other Potential Amenities:** Pet friendly, balconies, shared workspace

Example Images of multi-family:



ALAMOSA WALSH HOTEL SITE REDEVELOPMENT ACTION PLAN

August, 2023

Regulatory Approvals

“Approvals or authorizations of any federal, state or local regulatory agency necessary for a project to move forward.”

BR Redevelopment:

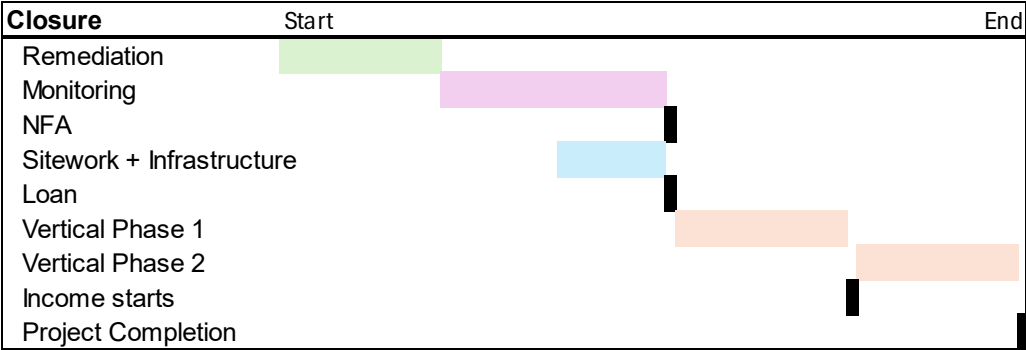
1. CDPHE→Remediation plan
2. City/County→Rezoning, site plans, civil plans, etc.

Things to Consider:

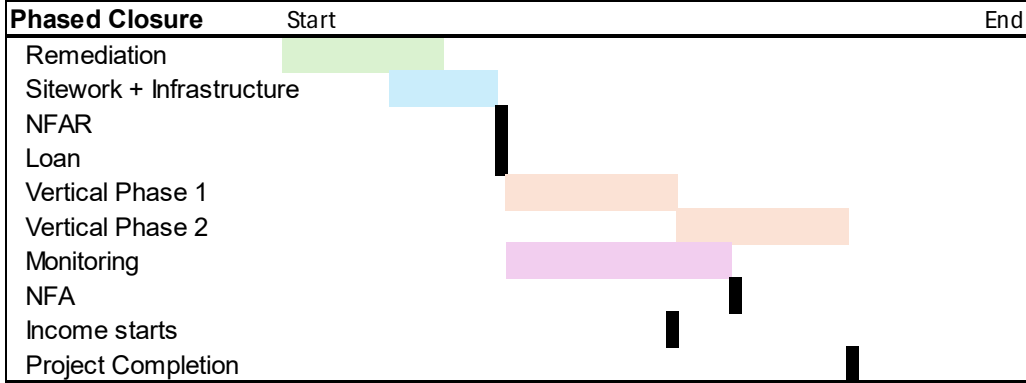
- No one size fits all
 - Multiple ways to remediate
 - Multiple development outcomes
 - Multiple ways to finance the effort
- The key is to find the right balance
- Understanding how these are interrelated helps



Regulatory Approvals – NFA vs NFAR



Project Duration



Project Duration

Regulatory Approvals – Zoning

Industrial		
4.5 acre parcel with 100,000 SF greenhouse		
Land Purchase	\$	(1,000,000)
Remediation	\$	(250,000)
Site Work	\$	-
Exit	\$	2,940,300
Profit	\$	1,690,300

- Remediation plan works
- **Regulatory won't allow**
- Financeable

Use By Right (Low Density Residential)		
4.5 acre parcel with 100,000 SF greenhouse Zoned R-2, 12,500SF min lot size, allows 15 SFR		
Land Purchase	\$	(1,000,000)
Remediation	\$	(750,000)
Site Work	\$	(750,000)
Exit	\$	1,568,160
Profit	\$	(931,840)

- Remediation plan works
- Regulatory allows
- **Not financeable**

Rezone --> Townhomes		
4.5 acre parcel with 100,000 SF greenhouse Rezoned to MU, allows 73 TH		
Land Purchase	\$	(1,000,000)
Remediation	\$	(750,000)
Site Work	\$	(3,000,000)
Exit	\$	5,840,000
Profit	\$	1,090,000

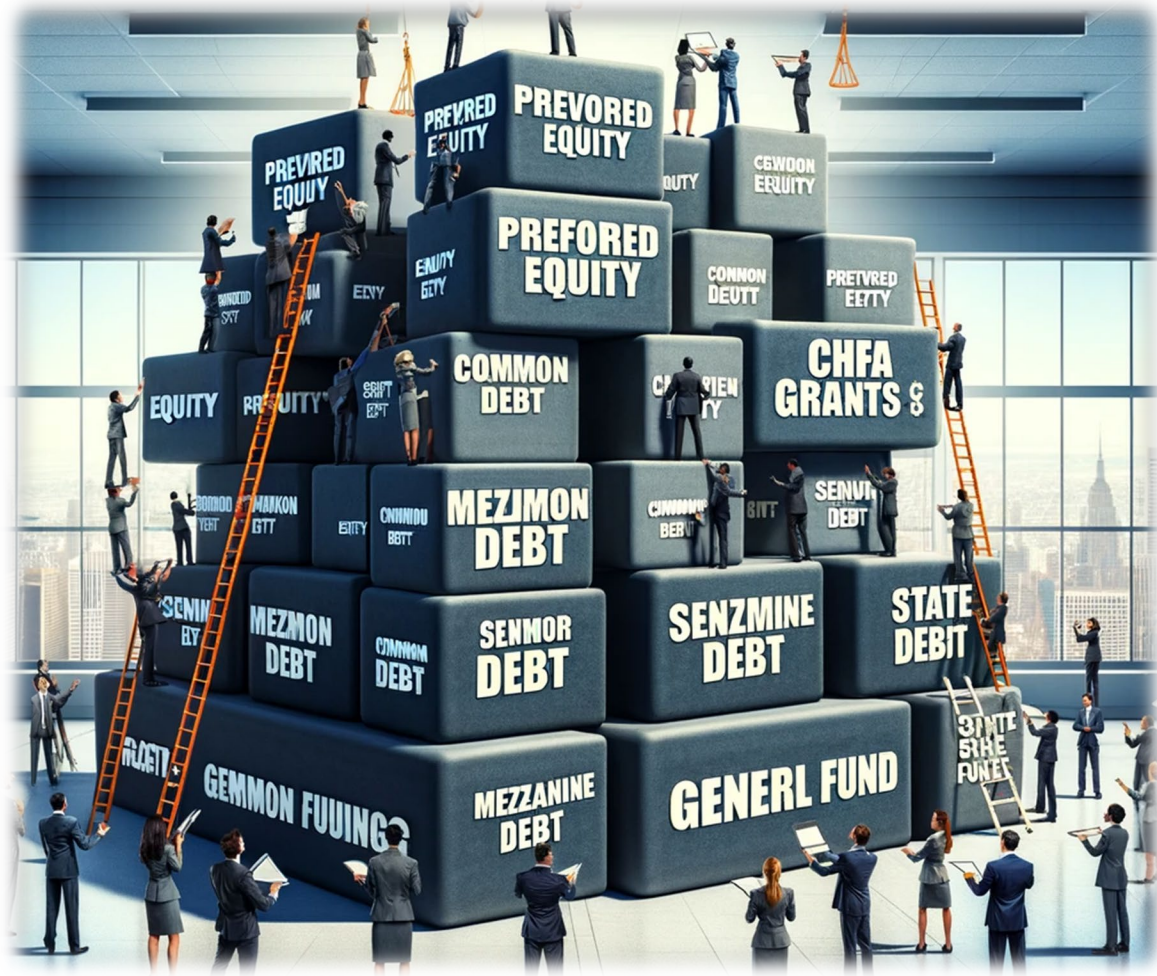
- Remediation plan works
- Regulatory allows
- **Financeable**

Financing

“Securing funds or capital to support the acquisition, construction and/or improvements of properties a...”

- Typically involves putting together the most suitable and cost-effective combination of debt and equity to execute a project.
- BF redevelopment is an entirely different beast because you will typically not be able to get traditional debt until an “NFA” has been achieved

It becomes key creatively fund achieving NFA and reducing the time and cost to get there as much as possible*



Financing - Getting There

Smaller Projects

- *Targeted BF Assessment*
- *CDPHE 1306*

Larger Projects

- *Private Equity*
- *Public Financing*
- *Metro Districts*
- *New market tax credits*
- *County Revitalization Authority (HB1172)*

Filling the Gap

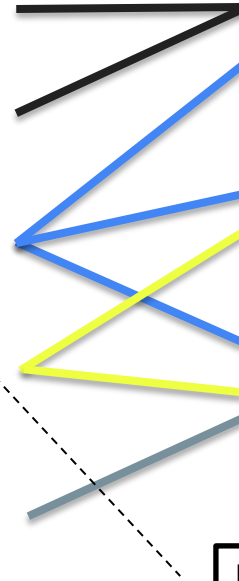
- *TIF's, SPET's, etc.*



Financing

FUNDING SOURCES		
Entity	Role	Funding
ASARCO Multi-State Custodial Trust	Dispose of ASARCO Assets / Property Owner	\$14.5 million
CDPHE + ASARCO National Trust	Grants	\$500,000
Globeville I, LLC	Developer / Equity	\$2.25 million
HUD Section 108 (Adams County)	Debt	\$10.0 million
HUD CDBG (Denver)	Grant	\$750,000
Total Project		\$28 million

PROJECT USES	
Use	Amount
Abatement, Demolition, & Remediation	\$16.9 million
Over lot Grading, Onsite & Offsite Infrastructure	\$10.0 million
Planning, Approvals, Fees, Overhead, & Other Soft Costs	\$1.1 million
Total Project	\$28 million



Project Revenues:

- Land Sales
- Metro Districts
- TIF

Risk Management

“The forecasting and evaluation of risks together with the identification of procedures to avoid or minimize their impact.”

- PLL insurance policy
- PSA Terms
 - Closing conditions
 - Liability transfer
 - Brownfield discount amount



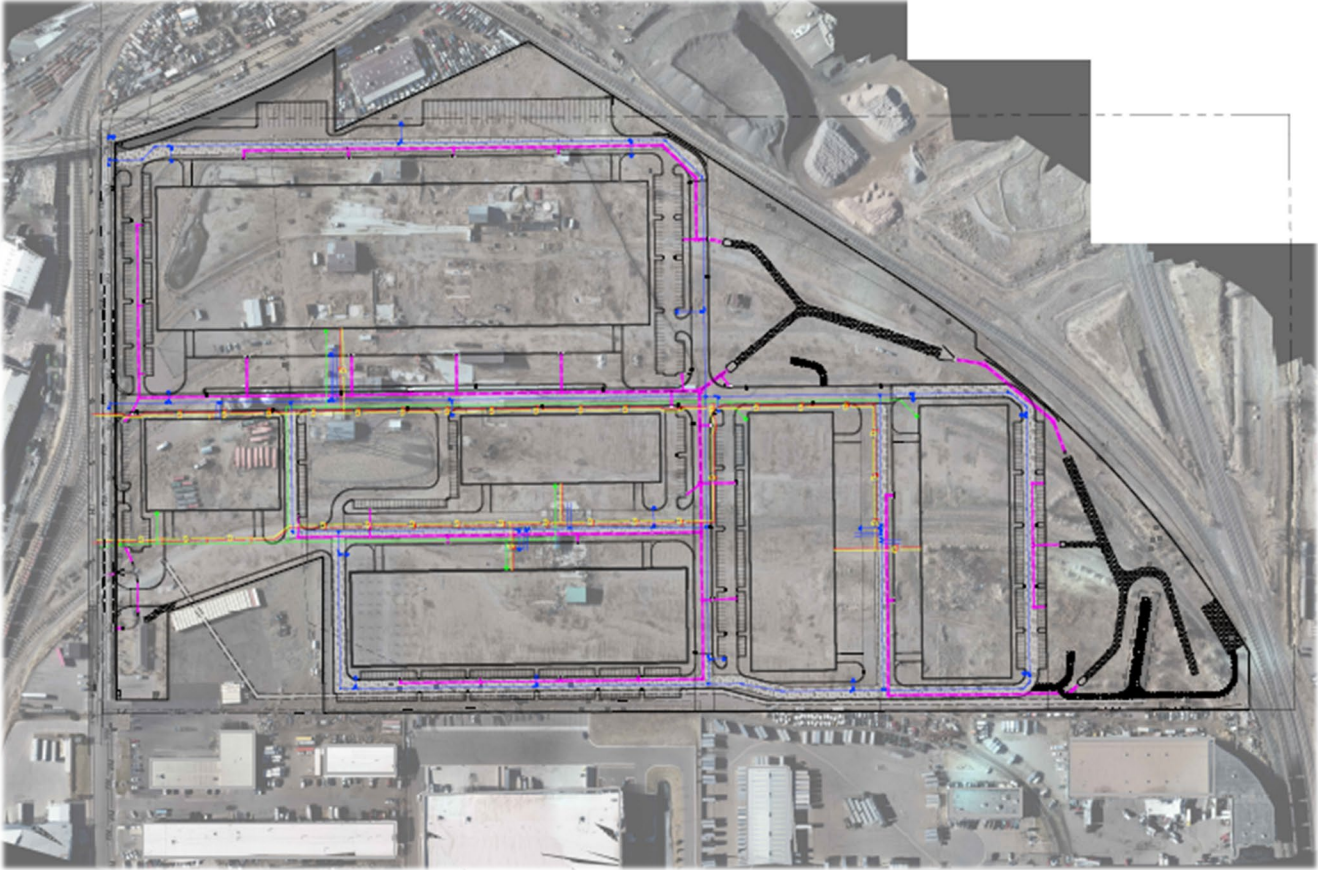
Predevelopment

“The crucial groundwork before construction begins”

- Design
- Planning & Entitlements
- Project Planning
- Project team formation
- Kickoff



Predevelopment



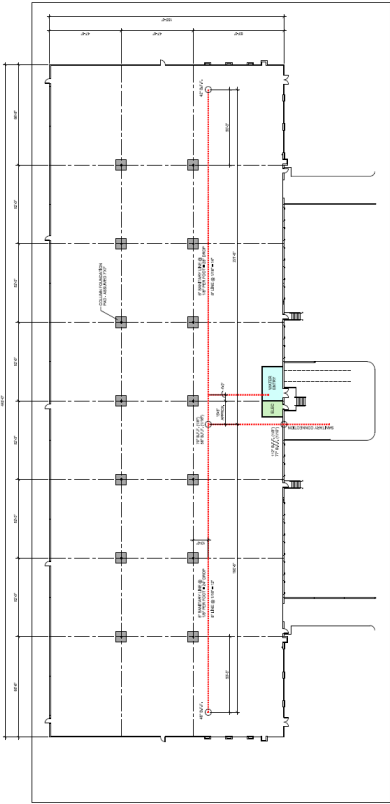
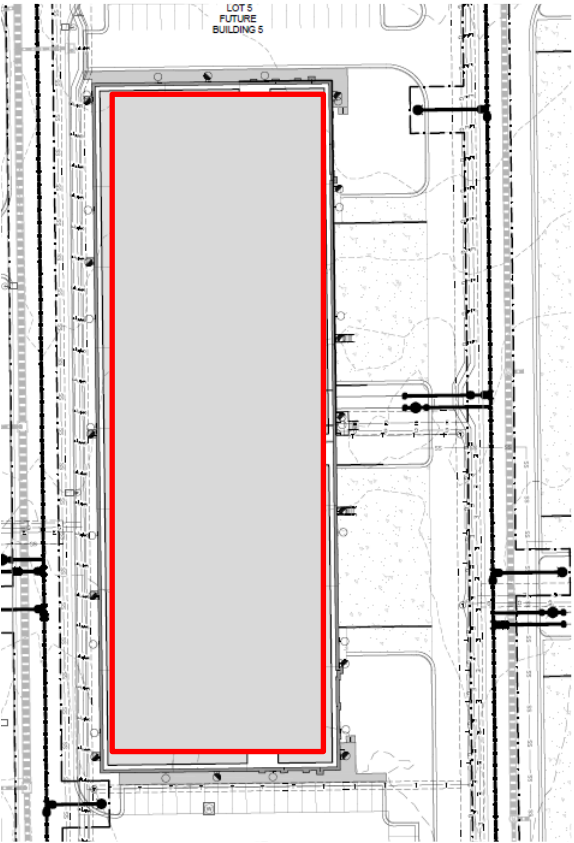
Implementation

“The process of executing and carrying out a project under a certain plan in order to complete the project and produce the desired results

- All projects → need strong project management to maintain budgets, schedules, resources, etc.
- For BF projects → even more critical to stay engaged from inception through completion.
 - Handing off between stages risks details being missed
 - Knowing about dev outcome during remediation, and knowing about remediation during dev reduces risk and cost



Implementation



OVERALL BUILDING ELEVATION

1:100

1 2 3 4 5 6

0 1 2 3 4 5 6

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0 1 2 3 4 5 6

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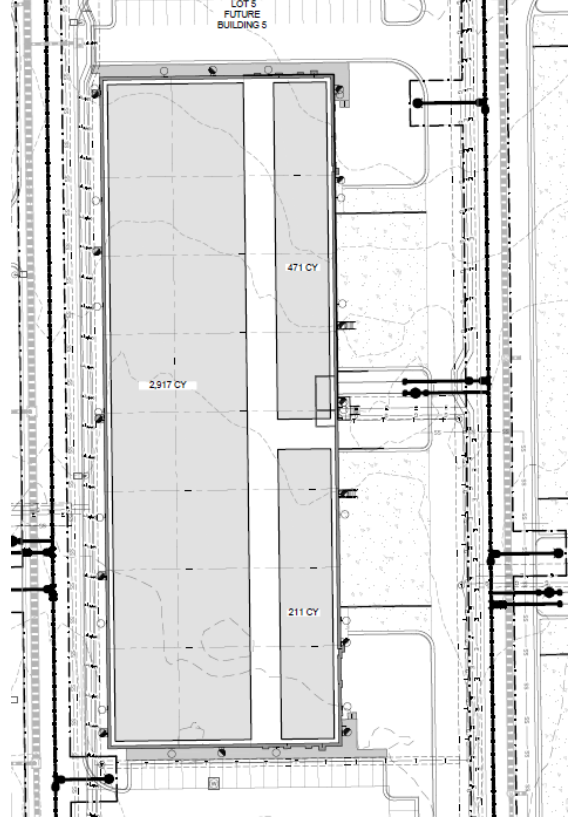
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Exit/End User

The more you know about the end user, the more your remediation plan can align with those needs.

. . . In other words, save time and money.



End User - Finding Efficiencies

Contaminated Site



Apartment Building

	Excavate Contaminated Soil	Haul Offsite	Contaminated Disposal Fee	Import Clean for Backfill	Subtotal	Excavate Soil for UG Parking	Haul Offsite	Clean Soil Disposal Fee	Subtotal	TOTAL
Sequential	500	20	1000	50	1570	400	20	100	520	2090

Integrated	500	20	1000	0	1520	0	0	0	0	1520
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Integrated	100	0	900	0	1000	400	20	100	520	1520
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Engage early to determine best type of partnership:

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Thankyou & Q & A

