

BROWNFIELDS

By Terri Smith, Environmental Liability Management Inc.

A smart approach to land use management for the ever changing Brownfields market

Risk is defined as the "probability of injury, disease, or death under specific circumstances." As the reuse of Brownfield sites moves forward many communities are becoming concerned with the potential or perception of risk associated with reusing these formerly contaminated properties.

People accept certain risks in their daily lives because they gain a "benefit" from participating in a behavior or activity that they enjoy. There are even some people who voluntarily seek out a higher level of risk by participating in such activities as skydiving, bungee jumping, rock climbing and other extreme sports. Risks that enter into our daily lives include the fact that an estimated 1 person in 5,000 will die from the flu, that 1 person in 20,000 will get hit by a car, or that 1 person in 455,000 will drown in a flood. (Adapted from Dinman, BD. "The Reality and Acceptance of Risk" JAMA 244(11):1126-1128, 1980). That being said, voluntary risks are different than the involuntary risks that impact the lives of people everyday. People sometimes have to make decisions about certain risks that will impact the quality of their lives in their communities.

As more brownfield sites are being reused the implementation of land use controls such as deed notices or capping to address any remaining residual contamination are becoming a more acceptable practice. These controls are put into place to ensure that the potential for exposure to residual contamination that may remain on site is eliminated and the property is protective of human health and the environment. The potential for environmental risks associated with what residual contamination will remain on site when evaluating the reuse of a former brownfield site can be quantified through the use of a Risk Assessment. The risk assessment can be described as a four step process. It is a process that 1) Identifies the hazard, (i.e., the types of contaminants present); 2) the toxicity of those contaminants; 3) assesses the exposure potential, such as how much and where the contamination is located; and 4) the risk characterization, specifically how



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large is the risk under specific exposure scenarios. A risk assessment takes into consideration the human health and ecological risk that contaminants pose at a contaminated property. Once the risk assessment is completed and while a remedial strategy is being developed and implemented a communication plan should be developed to address any concerns expressed by the community.

It is important to communicate any potential of risk early in the reuse and/or redevelopment process. Involving the public as a partner early in the

process will allow for the potential of "buy in" for the reuse project by the community. It is important to be honest, frank, kind and respectful when addressing the issues raised by concerned citizens. Coordinating communication efforts with another credible source (i.e., university or a state agency) may help with allaying any fears expressed by the public. Most importantly, when communicating to the public speak clearly, with compassion and at all times *avoid* technical and scientific jargon and terminology in order to avoid confusion

and/or misunderstanding of the information being presented.

When you involve the public early in the process it is necessary to involve all parties that have expressed a concern or have an interest or stake in the issue surrounding the brownfield reuse effort. When communicating to the public do not make assumptions as to what you think the issues or concerns will be to those expressing their opinions. It is important to listen, really listen, and be responsive to the public's concerns and feelings.

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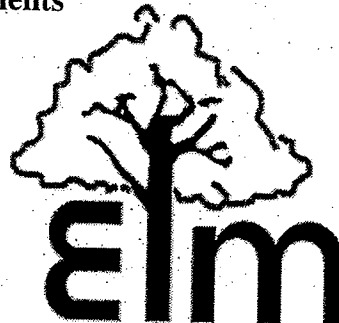
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MID-YEAR REVIEW

By Terri Smith, Environmental Liability Mgmt., Inc. A smart approach to the ever changing Brownfields . . .

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Many people have a fear of the unknown and that is what contamination is to many people. Their concerns may be how this brownfield reuse project and any residual contamination will impact them, their family and/or the quality of their life. Taking away this stigma as well as the uncertainty surrounding these expressions of concern will go along way in facilitating the successful reuse of a former industrial facility. Share more information with the community not less. Put any potential risk in perspective and communicate that risk at a personal level. Communication tools should include practical strategies and implementation. Include



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a mechanism for you to provide continuous feedback and, more importantly, maintain your accessibility to the community. Provide contact information to provide for a con-

tinuous loop to address concerns and provide feedback on issues.

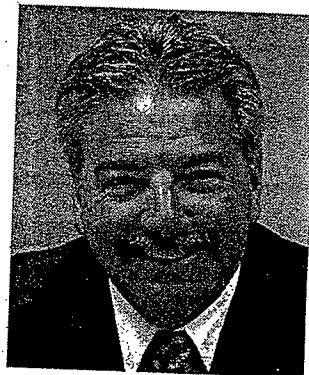
The continued redevelopment and reuse of brownfield sites is an important strategy in the Smart Growth effort. In turn, the development of a communication strategy is also important to enhance a successful brownfield property redevelopment and reuse.

For additional information on the New Jersey or Pennsylvania Brownfield programs and other brownfield related issues contact Terri Smith, Environmental Liability Management Inc. at 609-683-4848.

Terri Smith is a redevelopment coordinator at Environmental Liability Management, Inc. located in Princeton, NJ. ■

By Michael Fasano, Marcus & Millichap Northern NJ retail and investment markets . . .

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cast to weaken by 60 basis points and 30 basis points, respectively, but will maintain vacancy rates between 4 percent and 5%.



Michael Fasano

Despite the minor uptick in vacancy, multi-tenant property owners will pass along a 2.5% increase in asking rents in 2005, to \$24.91 per s/f. Effective rents are forecast to climb 2.2% to \$23.15 per s/f. Asking rents in Passaic County are expected to rise 3.4% to \$28.70 per s/f, the highest rate in the market.

As asset prices readjust to sustainable levels, transaction activity in Bergen County and Hudson County should pick-up in 2005. Investors may also consider properties in neighboring Passaic, Essex and Union counties, where the demographic profile is similar to the waterfront submarkets and properties trade at a 17%

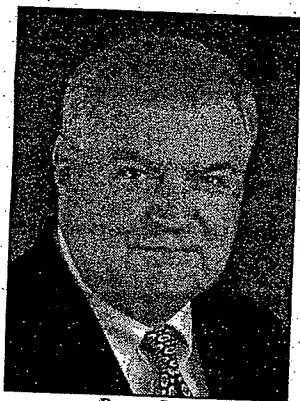
discount. Meanwhile, retailers will continue to focus on space in affluent Morris County, crating solid appreciation opportunities for owners.

Michael Fasano is the regional manager of Marcus & Millichap's Northern New Jersey office. He can also be reached at (201) 582-1000 mfasano@marcusmillichap.com

The current comm'l. mortgage . . .

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by the continued low residential mortgage rates.

The industrial and retail markets appear to be enjoying the better overall occupancy rates supporting the new industrial-warehouse construction that seems to be dominating our region's new construction scene. These two property types also continue to be the most sought after by purchasers due to their general long term leasing and credit characteristics. Overall capitalization rates of 7.5% or less are still in evidence for purchases and impacted by a number of 1031 exchanges further stimulated by the recently permitted "TIC" (tenant in common) 1031 structures.



Bruce Coin

prior to receiving the third party reports.

As the year continues it appears as if the "Fed" will continue its periodic 25 basis

point increases to short-term rates. It is hard to forecast if long term rates will remain relatively low resulting in an inverted yield curve or if these short term rate increases will finally cause the long terms rates to move up significantly. The "pressure" appears to be toward increases.

It seems clear that the recent days of historically low long-term interest rates are or are just about behind us.

Bruce Coin is the director of Pro-Gressive Mortgage Corp. a 33-year old commercial mortgage banker and exclusive life company correspondent headquartered in Wayne, PA. The web address is www.pro-gressivemortgage.com ■

By Sheldon A. Gross . . .

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money.

Coupling our tenant relationships with our heightened awareness of new technology and relating that to the needs of owners and landlords affords our Company the high percentage of repeat and new business in the property management sector. In today's marketplace, property managers are increasingly becoming a more valuable, and essential part of the real estate operation. By utilizing some proven, old-fashioned techniques, as well as embracing innovations and technology, property managers can offer landlords and tenants greater satisfaction, which will in turn enhance leasing success and bottom line performance.



Sheldon A. Gross

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For more information on Sheldon Gross Realty, contact the Company's West Orange, New Jersey headquarters at 973-325-6200 or visit www.sheldongrossrealty.com

Sheldon A. Gross is president and CEO of Sheldon Gross Realty headquartered in West Orange, NJ. ■

NJ's comm'l. real estate market continues . . .

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For more information on NAI James E. Hanson, contact William C. Hanson, SIOR at the Company's Hackensack headquarters at 201-488-5800 or visit www.naihanson.com.

William C. Hanson is president of NAI James E. Hanson in Hackensack, NJ. ■

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In a climate of potentially escalating interest rates, while the conduit/CMBS sources may offer very aggressive rate spreads, the insurance companies and many bank lenders enjoy a competitive advantage over the conduit/CMBS lenders due to their ability to commit and offer to lock the interest prior to the receipt of the required "third party reports" appraisal, environmental and engineering. Many will offer to lock rate "at application". It is important for borrowers to recognize the substantial significance of this as, in a potentially rising rate market, a small increase in the treasury rate can eradicate the benefit of a lower rate spread offered by a lender that can't lock rate