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“I know of no safe depository of the ultimate powers of the society but the people themselves, . . .

. . . and if we think them not enlightened enough to exercise their control with wholesome discretion, the remedy is not to take it from them, but to inform their discretion.”
Adaptive Reuse

Generating Sustainable Growth Through Redevelopment
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What We Will Cover

• Historical Development Patterns
• Types Of Adaptive Reuse
• Planning For Reuse
• Site Specific Strategies for Reuse
• Funding
How We Got Here

ADAPTIVE REUSE
Once Upon A Time…

• Industrial Development was located along rivers
  – Power source
  – Water source
  – Liquid waste disposal
  – Transportation

• Now we see waterfronts as a resource for places
Factories were tall…

- Plants were located close to workers
- Five or Six story plants were common
- Close to transport
- On small parcels
Tale of Two Factories

Dodge Main

Dodge truck Warren
Local Competition

- Workers became mobile
- Cheaper Greenfield land became available
- Well segregated from other areas
- Highway access became priority
Global Competition

- Other nations industrialized
- Capital became mobile
- With global information infrastructure, goods can be produced anywhere
Retail

• Chasing the “right” mix of demographics
• Incentives for disinvestment
• Easier to build on a greenfield site than redevelop
Downtowns

- Downtowns became auto dominated
- Disincentives for redevelopment
- Disconnected with population
What is Adaptive Reuse?

• Adaptive reuse is the process of adapting old structures and sites for new purposes.

• Add to this the need for sustainable prosperity and the definition expands to include areas, communities, and regions.

• Given this broader view, adaptive reuse is both a concept and a strategy.
Types of Redevelopment

- **Greyfield**
  - Properties that have been developed, and have infrastructure in place, but whose use is outdated or blocks access to the best continued use or redevelopment of the real estate.

- **Brownfield**
  - Real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant.

- **Historic**
  - Buildings and sites with historical and cultural value which cannot be profitably reused because of their layout and/or because the cost of preserving their historical/cultural aspects is too high.
Why Reuse?

- Reclaim
- Reinvigorate
- Reintroduce
Advantages to Adaptive Reuse

Advantages include:
- Infrastructure (utilities, roads, etc.) are already in place.
- Nearby residential neighborhoods can provide employees and markets for new commercial development, etc.
- There is more efficient use of land, as opposed to developing greenfield sites.
- Redevelopment is more sustainable since reuse encourages non-motorized activity and less use of land and materials.
Greyfields

- A greyfield is a site that was designed for a use that has not evolved with the times and is no longer economically viable.
A lifestyle center is a shopping center or mixed-used commercial development that combines the traditional retail functions of a shopping mall but with leisure amenities oriented towards upscale consumers.

An example of a lifestyle center in Michigan is the Village of Rochester Hills, which was built on the site of the demolished Meadowbrook Village Mall.
Lifestyle to Mixed Use

Old Pasadena, an area of redeveloped historic buildings, had become the place to be, with shops and shoppers who had left the mall. In 2001, the new Paseo Colorado opened in its place. It was a highly successful lifestyle center modeled on the character of Old Pasadena.
Brownfields

A site is deteriorated and become environmentally unsafe. Contamination makes further use unsafe, and the direct cost of removing the hazards is greater than the potential return on investment.”
Brownfield Success

The Traverse City Iron Works was located on the Boardman River near Downtown Traverse City for over 100 years. The site contained contamination from leaking underground storage tanks, contaminated foundry sands, and heavy metals.
Historic Sites

Historically significant buildings help preserve our heritage and reflect our culture.

Historic reuse seeks a way to preserve these historic and cultural treasures and allow for uses that are sustainable over the long run.
Railroad to Restaurant
One way to recognize a property as historic is to have it designated as one according to federal, state or local guidelines.

There are two federal designations:
- National Historic Landmarks
- National Register of Historic Places.

Properties designated as National Historic Landmarks are those that have national historic significance and are usually preserved as museums or similar historic sites.
Historic Designation

Generally, to be eligible, a property or district must meet one of the following criteria:

- The property or district is associated with events that have made a significant contribution to the broad patterns of our history
- The property or district is associated with the lives of persons significant in our past
- The property or district embodies the distinctive characteristics of a type, period, or method of construction, or represents the work of a master, or possesses high artistic values, or represents a significant and distinguishable entity whose components may lack individual distinction
- The property or district has yielded, or may be likely to yield, information important in prehistory or history.
Reuse Details

• There are similarities and differences between the three types of reuse. If fact, many deteriorated sites have characteristics of more than one of these three types, making the rehabilitation of the property a challenge.
Historic & Brownfield
## Prior Uses

<table>
<thead>
<tr>
<th>Greyfield</th>
<th>Brownfield</th>
<th>Historic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Many greyfields began as enclosed malls or strip malls that have been passed by as a result of market changes. The original use is no longer marketable, and the existing buildings do not adapt well to other uses.</td>
<td>Often brownfields began as industrial plants or businesses using processes that resulted in contamination of the soil or groundwater, or hazardous materials, such as lead or asbestos are present in the building.</td>
<td>Most historical sites were buildings of significant civic importance. These structures are still architecturally significant and have local cultural value because of historic persons or events associated with them. Historic reuse is often truly an <em>adaptive</em> reuse – the redeveloped use may be totally different from the original use.</td>
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</tbody>
</table>
Adaptive Reuse

PLANNING FOR REUSE
Planning for Reuse

1. recognize how the master plan plays a role in redevelopment
2. identify ways to build public support for redevelopment projects
3. identify the sections of the master plan that should include redevelopment
4. identify practices that are essential to creating a redevelopment plan
5. identify actions the community can take to demonstrate it is redevelopment ready.
First Step: Include Reuse in Your Plan

• In order to enable redevelopment in your community, your master plan needs to address redevelopment specifically.

• You can amend your master plan or create a redevelopment plan that can be incorporated as a separate chapter in your master plan.
Amending Your Master Plan

• Amendments to the master plan should include:
  – a problem statement,
  – goals,
  – site identification
  – and proposed uses, recommendations, and redevelopment strategies.

• You will need to identify types of redevelopment and specific target areas where the community will concentrate its resources for redevelopment.
Incorporating a Redevelopment Plan

- This approach typically means you add a chapter or section to your master plan that addresses all aspects of redevelopment.
- You will need to ensure that the master plan and the redevelopment plan do not contradict each other.
Build Community Support

The community needs to offer opinions and ideas regarding redevelopment so that the master plan represents the public’s wishes. Because redevelopment means change for the community, this process often involves a new challenge: facilitating community consensus.
Community Support

Need to ensure that the public has a basic understanding of redevelopment concepts, such as:

- what reuse is about
- what they are signing up to do
- what their involvement needs to be
- how they will benefit
- what community resources might be needed.
Key Points Of Concern

- Redevelopment generally requires some form of government approval, whether it is zoning, tax credits, or tax increment financing.
- Often involve public hearing

- Public support is generated through a continuous process of education and feedback.
  - Informational sessions
  - Public workshops
  - Public hearings
Bring together stakeholders

- NGO
- Business
- Governmental Agencies
Stakeholder Involvement Indicators

- Identify the pertinent stakeholders with particular attention to participation of elected and appointed city officials.
- Document the community process outcomes. These outcomes must demonstrate current redevelopment processes and how they are different after the implementation of selected strategies.
- Develop a written description of how the community officials will implement stakeholder involvement.
- Hold visioning sessions with citizen advisory groups to determine community needs for specific parcels of land.
Stakeholder Involvement

- Reach out to varied community groups previously not engaged in community visioning (property owners, senior groups, religious organizations, neighborhood groups, etc.).
- Encourage involvement and participation of planning and economic development groups (Planning Commission, DDA, ZBA, LDFA, Chamber of Commerce).
- Improve communication channels between the planning, economic development departments and other related departments.
- Foster frequent and consistent dialogue between city and community groups.
- Communicate results of community sessions through available media channels such as newsletters, e-newsletters, local cable access, newspaper articles, community brochures, etc.
Identify and Inventory Sites

- An inventory of potential reuse sites provides the community with an information base of potential development locations.

- Primarily important to allow the community to create a redevelopment plan and prioritize redevelopment areas.
Inventories

- Inventories are started by identifying vacant, obsolete, and underutilized sites in the area. Some candidates are quite obvious. They are vacant, deteriorating, or have some other negative impact on surrounding properties.

- Others sites to include in the inventory are those whose current physical structure do not support the desired characteristics of the neighborhood.
Analyze what you have

- Just as you conduct various analyses as part of the master planning process, you need to do a redevelopment site analysis.
- You will not be analyzing site alternatives or conditions so much as taking stock of what you have so that you can make issue, goal, objective, and policy statements that appropriately address redevelopment potentials.
- The details you might consider tracking in the analysis are the size of the lot, building dimensions, condition of structures, utilities to the site, ownership, taxes, environmental conditions, historic designations, and easements.
Fund Your Plan

- The redevelopment plan and/or master plan can reference funding sources for the various types of efforts your community wishes to take on.

- Every community should have a capital improvement plan if it has infrastructure. When you introduce redevelopment into your plan, your capital improvement plan needs to be updated to include what the community can or is willing to spend to enable redevelopment.
A capital improvement program (CIP) is a prioritization of various infrastructure and other public improvement projects that may need to be constructed in order to successfully implement a community’s adopted plan.

The CIP should consider the requirements of all of the departments and agencies in the local government. It shall include, in general order of priority, the public improvement projects that will be undertaken in the ensuing six-year period.

All local units of governments (except those townships that do not own or operate a water supply or sewage disposal system) are required to prepare and update a capital improvement program each year.
Identify Your Redevelopment Dollars

 Depending on the extent of the redevelopment effort, the community may have significant pre-development investment to make in order to bring a developer to the table. There may also be a post-development expense as well in the form of incentives.

 A common way that communities are finding the money to support one or more phases of the development process is through tax increment financing.
Tax Increment Financing

• Tax increment financing has become the main tool for providing incentives to the private sector for business location or redevelopment.

• The local government does not have to impose a new tax, but simply reallocate new tax revenue paid by the redevelopment, to pay for the government-sponsored development costs.

• This is considered self-financing redevelopment.
Establish A Promotional Effort

• A community must sell its attributes to the outside world. Communities compete with other municipalities in around the world for the attention of developers, investors, and businesses.

• Establishing a community promotion effort that incorporates print and digital materials along with outreach is the best way to succeed.
Remember Place

- Place matters as individuals chose their communities. Successful communities recognize that creating distinctive downtowns and attractive neighborhoods are a prerequisite to attracting talent in the New Economy.

- Firms Follow Talent
Go Beyond Being Redevelopment Ready

• Instead of waiting for a developer to come to you, the community itself can put on a developer’s hat and get the ball rolling.

• Communities can be proactive by accomplishing some of the up-front work that developers would normally have to undertake, sometimes at a significant cost.
Build a Pro Forma

• Do a preliminary financial analysis

• Explain Incentives & funding

• Do the leg work that facilitates redevelopment

 Costs

Hard Costs
• Land Development
• Construction/Rehab

Soft Costs
• Acquisition
• Design

Revenues

Sale or Lease
• Sale or lease of entire project
• Sale or lease of individual units within the project

Financing
Think Like a Developer

- Communities that believe in what they are doing can take on the role of developer, but local governments or communities are not usually used to thinking like developers.
  - This role starts with a market and financial analysis and proceeds through site acquisition, design, construction, and ultimately management or sale of the property.
No matter what type of site you are facing (greyfield, brownfield, or historic site), there is one common goal shared by each – to return the site or sites to productive use.

SITE SPECIFIC STRATEGIES & PROCESS
Reuse Strategies

There are four common strategies used to reach this goal:

• mixed use development
• property consolidation
• adaptive reuse
• rehabilitation.
## Reuse Strategies

<table>
<thead>
<tr>
<th>Reuse Strategy</th>
<th>Description</th>
<th>Commonly Used for:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mixed Use Redevelopment</td>
<td>Diversifying an existing <em>single use</em> area, site or structure into <em>multiple</em> uses</td>
<td>Greyfield, Brownfield, Historic</td>
</tr>
<tr>
<td>Property Consolidation</td>
<td>Used to create a larger scale project, when changing to new uses or when significant clean-up is needed.</td>
<td>Greyfield, Brownfield</td>
</tr>
<tr>
<td>Adaptive reuse</td>
<td>Adapting an existing structure or site for use as something other than its original use.</td>
<td>Greyfield, Brownfield, Historic</td>
</tr>
<tr>
<td>Rehabilitation</td>
<td>Used to refurbish or modernize a structure for its originally-intended use.</td>
<td>Brownfield, Historic</td>
</tr>
</tbody>
</table>
Reuse Process

• There are similarities and differences between the three types of reuse.

• many deteriorated sites have characteristics of more than one of these three types, making the rehabilitation of the property a challenge.
Location Analysis

The focus of the greyfield location analysis is understanding how the site got to be the way it is and the extent of the problem.

Here are common questions asked as part of this analysis.

• What is it about this site or use that has led to its deterioration?
• What are its strengths, and what opportunities does it present?
• Conversely, what are the weaknesses of the site, and what is there about it that may continue to cause problems?
• Is the site simply “bleeding,” with only minor changes needed to stop the bleeding, or is it “dead”
Location Analysis

The focus of the **historic** location analysis is to expand on the questions initially asked during a greyfield analysis. The goal is to determine if the site is **historic** or just **old**. Just because a building is old does not necessarily mean it is worth preserving.

Here are common questions asked as part of the analysis.

- Is the site historically and/or culturally significant? Why?
- Is it still viable for its original use?
- If not, what historic or cultural elements might be compromised if the property is reused?
- If the property carries a historic designation or is in a historic district
Market Analysis

- The focus for any of the potential reuse sites is to ask ‘what is a viable reuse’?
- Given that greyfields have fewer restrictions than brownfields and historic sites, planners must decide:
  - What is needed?
  - Of those needs, which are less likely to become another greyfield in the future?
Analysis cont.

- The focus of the brownfield market analysis starts with the greyfield analysis again but puts limits on the discussion.
- Given that brownfields introduce potential hazards to certain types of use, this analysis asks:
  - What uses of the cleaned-up site will be supported by the market?
  - Will it be profitable, thus demonstrating that the cost and effort of cleanup and reuse is worth it?
  - For instance, if it is not profitable to reuse the site, the best use of the site may be capping it so that there is no further environmental damage.
Analysis cont.

- The focus of the historic site market analysis starts with the greyfield question but puts limits on the discussion as well.
- This analysis asks:
  - Based on any historic or cultural preservation requirements, what uses are economically viable?
  - Do those requirements prevent a marketable use? If so, how can the property be preserved?
Alternative Analysis

• No matter what type of reuse site it is (greyfield, brownfield, or historic site), the alternative analysis does the same thing: it answers the question: “What are the options that satisfy the market?”

• The key is to make a decision that is consistent with the natural issues associated with the type or reuse
Alternatives

• **Greyfield**: key here is not to implement the same services or functions that failed before.

• The key with a **brownfield** alternative is to identify and avoid re-use options that may be negatively impacted by the previous or existing contamination (housing, a school, farm, or the like).

• With **historic** sites, the analysis should preclude options that require upgrades that the site cannot accommodate without destroying the historical value of the site.
Does It Meet Plan And Zoning?

Evaluating the current plan and zoning ordinances

• In each type of reuse, the questions you need to ask are the same.
  • Does the master plan and zoning promote or allow the newly planned use?
  • Does the master plan and zoning allow for mixed uses? In other words, can you incorporate residential uses into an industrial location and vice versa?
  • If the new use is not consistent with the master plan, but appears to be appropriate to the site and the neighborhood, should the plan be re-evaluated?
## Overcoming Challenges

<table>
<thead>
<tr>
<th>Greyfield</th>
<th>Brownfield</th>
<th>Historic Site</th>
</tr>
</thead>
</table>
| Common challenges for greyfield reuse projects include  
  - location  
  - cost  
  - capital and sources of funding  
  - public perception of the site and prior uses  
  - market demand related to uses that may be appropriate for the site. | Common challenges for brownfield reuse projects include  
  - cost of evaluating the site  
  - cost of cleanup  
  - determining appropriate uses  
  - public perception of the site and local needs  
  - complexity of the brownfield redevelopment process. | Common challenges for historic site reuse projects include  
  - public perception of the significance of the site  
  - cost of preserving historic elements  
  - determining appropriate adaptive uses. |
Process Summary

• Location analysis
• Market analysis
• Alternative analysis
• Evaluation of current plan and zoning ordinances
• Public visioning
• Public / private collaboration
• Facilitation of redevelopment
But Brownfields Have More Steps

- Phase I Assessment
- Phase II Assessment
- Alternatives and Risk Analysis
- Market Analysis
- Environmental Liability
- Partnerships for Funding
- Required Cleanup
- Community Outreach and Public Education
Brownfield Redevelopment Authority (BRA).

• Communities can facilitate redevelopment of contaminated sites by establishing a BRA. The role BRA plays is to organize local brownfield redevelopment efforts in order to take advantage of the financial tools made available.

• A BRA has the authority to develop and implement financing plans that use captured property taxes to cover specific costs associated with cleanup; it can also assist a developer in qualifying for tax credits.
• Phase I assessment looks at previous uses of the site to see if contamination is likely.

• This investigation involves a records search to document past uses and to identify the type of operations within those uses that may have caused potential contamination.
Phase II

- A Phase II assessment is more specific, focusing on sampling and analyzing the soil, groundwater, surface water, sediment, building materials, waste products, and debris.

- The goal is to understand what contaminants are present, where they are located, at what levels they are found and what their probable sources are.
Risk Assessment

• The first step is the risk assessment in order to quantify the probability of different health effects that may result from exposure to chemicals present at the site, through the various potential exposure pathways.
Alternatives Analysis

• Once the risks are known, the community and developer will know what cleanup alternatives are worth discussing. They will need to answer the question, “Which alternatives would benefit the community and satisfy the developer's needs as well?”
Risk Based Standards

• Part 201 of Michigan’s brownfield legislation increased flexibility in cleanup standards. More specifically, this act allowed the degree of remediation to be determined by the end use of the property rather than requiring the removal of all possible contamination. The Phase I and Phase II environmental investigations, coupled with the risk assessment, are used to select a cleanup strategy to meet the intended land use. So, for example, if the end use is industrial in nature, the level of cleanup is much less than if a residential use is anticipated.
Market Analysis

• Once demand for specific uses is known, it must be weighed against the cost of remediation for a site.

• For example, the market study might indicate demand for a neighborhood retail center with rents in the $10-$12 per square foot range. If the costs of cleanup, construction, and other redevelopment items require a rent of $14-$16 per square foot to be profitable, however, the project will not move forward.
So, who is liable for cleanup and how can it be accomplished?

• With a Baseline Environmental Assessment, a line is drawn between past contamination and any future contamination.

• By differentiating new from existing contamination, new owners/operators are protected from liability resulting from the previous actions of others as long as the new owners exercise due care.
How Much Clean Up?

• Even with preparation of a BEA, the level of contamination might be too great for a developer or the community to consider reuse. The BEA does not ensure cleanup; it just limits liability of the new property owner for past contamination.

• Cleanup will take place only if the cost can be included in the financing for redevelopment of the site.

• Neither the developer nor the community is *required* to undertake cleanup outside a redevelopment project.
Clean Up Plan

• Given the various analyses that have already taken place in this redevelopment process, a developer will create the Remedial Action Plan which describes how cleanup will actually be performed and by whom.

• The plan will reflect the strategies required by the risk-based corrective action identified in the risk analysis performed earlier.
Clean Up Strategies

These strategies generally fall into four categories:

- **isolation**, which is the use of barriers to prevent exposure or migration
- **removal**, or physically transferring the contaminants to an alternate location
- **treatment**, which is destroying or converting the contaminants to less toxic forms, either in-place or after removing the contaminated material
- **natural attenuation**, or relying on the natural capacity of the ecosystem to reduce the contamination, normally with monitoring to ensure effectiveness.
Involve Your Community

• Community involvement and consensus are some of the most important ingredients for a successful brownfield project.
• In most successful local brownfields projects, proactive public outreach and involvement plans were implemented from the outset.
Funding Your Activities

ADAPTIVE REUSE
Getting Rightside Up

- The unifying theme in most reuse projects is the “upside down” nature of project financing. IF these project showed a net profit up front the would be no issue with the redevelopment, it would happen without community assistance.
Funding

• Project funding is generally broken into two groups: private and public funding. The private funding includes the initial equity investment made by the developer along with any loans provided by banks or similar financial institutions. Public funding consists of grants, tax abatements or tax credits, loans made by public agencies, TIF funding, etc. Unlike “greenfield” projects, reuse projects usually involve multiple, simultaneous funding applications and steps.
Brownfield Funding

- Cleanup funding typically comes from state and federal brownfield programs: for example, the EPA brownfield cleanup grant program or revolving loan funds program.
Redevelopment Funding

Greyfield site-

- economic development loans
- federal grants
- community reinvestment act loans
- state economic development funds
- public funding - TIF
Redevelopment Funding

- historic site-
  - state historic preservation fund
  - private equity and debt financing.
  - economic development loans,
  - loans and grants from private foundations,
  - federal grants
  - TIF,
- cost recovery
  - historic rehabilitation tax credit federal
  - state tax credit
Redevelopment Funding

- Brownfield site
  - BRA
    - Functions as financial entity
  - funding
    - TIF
    - Revolving Fund
    - Site Assessment grants
    - Clean Michigan Initiative
    - Revitalization Loan Fund
    - Brownfield redevelopment grant
    - CDBG
    - EPA grants
  - Cost recovery
    - Tax credits
    - Obsolete Property Rehab Act property tax credit
Summary

- Causes of Obsolescence
- Types of Reuse
- Planning for Reuse
- Reuse strategies
- Funding
Thank You

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