

Q&A

Stephanie Shakofsky

EXECUTIVE DIRECTOR
Center for Creative Land Recycling**By Darrick Meneken**

The nonprofit Center for Creative Land Recycling (CCLR, pronounced “see clear”) offers funding and technical assistance to brownfield developers and promotes urban-land revitalization. Stephanie Shakofsky, CCLR’s executive director, talks about her group — which started in California and now stretches as far east as the Dakotas — and what mortgage brokers should know about working with contaminated building sites and brownfields.

How does modern brownfield development differ from the past? The most significant change has been the way the regulatory agencies approach brownfield sites. When the Superfund law was signed into law in 1980, it seemed as though developers would have to return contaminated sites to pristine conditions. What we’ve learned in the subsequent 30 years is that not only is it technically impossible to put these sites back into perfect condition, but it also often is economically prohibitive. Now we look at how best to make these sites safe for human health and the environment with a closure plan that may not remove all of the contamination but cuts off any pathways of exposure.

How do current brownfield buyers and sellers negotiate liability for contamination and cleanup? By law, you can’t get rid of liability. It’s the bubble gum on your shoe. You can, however, use contractual agreements and environmental insurance to limit your liability. Environmental insurance for large, complicated sites has become common practice. A lot of lenders will actually require it of a purchaser.

CCLR’s efforts in California include providing forgivable loans to help developers fund brownfields’ environmental site assessment. How does this program work? If developers perform the environmental assessment and figure out that they can deal with the cost of contamination cleanup and liability issues, and they move the project forward, then they pay us back as if it were any other predevelopment cost. If they borrow the money and they can’t move the site forward but were acting in good faith, then the loan is forgiven.

Right now, all of our funding programs are based in California. The goal is that we take that model to the rest of the states we’re now working with.

CCLR also has a remediation fund. How is that money used? We award grants and low-interest loans for multifamily housing and mixed-use residential development. To qualify for low-interest-loan funds, a project must be on an infill site — roughly speaking, a site either developed previously or surrounded by development. To qualify for a remediation grant, the project must meet other community-benefit criteria.

Brokers also should know that we’re a resource for basic information about brownfield redevelopment. We can offer advice on how to negotiate a purchase-and-sale agreement that deals with liability issues, how to work through your environmental due diligence, and where to get referrals for good environmental consultants or environmental attorneys.

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