The Necessity for ‘Re-found’ Brownfield Land and Preventing Environmental Catastrophes - A Forensic Valuation/Appraisal Approach to Contaminated Land

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Part 1 - Introduction

Background
- Importance of ‘re-found’ Brownfield land
- Land that is rendered dangerous & unusable
- Land shortages, particularly in urban/commercial areas (equating to higher prices)
- To rectify environmental catastrophes
- Remove derelict site/rubbish dumping impairing visual amenity
- Sophisticated forensic valuation/appraisal approach

Part 2 - Case Study

Thackray Rd, Port Melbourne, Victoria, Australia

2.2 Photographs of Site and Site Plan

2.3 Contamination Status
2.3.1 Aerial photographs from 1960 indicate sand quarrying
2.3.2 Alleged used as rubbish tip
2.3.3 Contaminated soil supposedly deposited
Part 3 - Site Specific Adjustments

3.1 "End Game Scenarios"
- Crucial to establish a number of alternative uses
- Highest and best, determined after clean up
- Alternative uses will establish the viability as to the extent of clean
- Individual feasibility appraisals are vital when dealing with contamination

3.2 Forensic Costs Data
- Specialist consultants to quantify in dollars and justify type of approach
- Demolition and removal of the existing structures
- Installs capping layer
- Building additional foundations

Part 4 - Risk Cost of Rectification of Contamination

4.1 Key Issues
- Site clean-up and/or the containment separate project
- Appropriate risk factor
- Range of 5% to 10% of the cost identified by the professionals
- Time and would inevitably delay the project commencement

Part 5 - Forensic Valuation

5.1 Approach
- Establish the market level of value (disregarding site-specific items related to contamination)
- "Clean" site sales evidence provides foundation prior to adjustments
- Apply site specific items
- Consider and apply risk factors

5.2 Forensic Assessment

<table>
<thead>
<tr>
<th>Land Use</th>
<th>Gross Area (m²)</th>
<th>Net Area (m²)</th>
<th>Total Area (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unaffected</td>
<td>19,090</td>
<td>19,090</td>
<td>38,180</td>
</tr>
<tr>
<td>Affected (by easement)</td>
<td>10,050</td>
<td>10,050</td>
<td>20,100</td>
</tr>
<tr>
<td>Total Site Area</td>
<td>29,140</td>
<td>29,140</td>
<td>58,280</td>
</tr>
</tbody>
</table>

Site Specific Adjustments

<table>
<thead>
<tr>
<th>Description</th>
<th>Gross Area (m²)</th>
<th>Net Area (m²)</th>
<th>Total Area (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less (unaffected) Earth &amp; Capping</td>
<td>19,090</td>
<td>19,090</td>
<td>11,072</td>
</tr>
<tr>
<td>Demolition</td>
<td>19,090</td>
<td>19,090</td>
<td>190</td>
</tr>
<tr>
<td>Extra Bldg. Foundations</td>
<td>19,090</td>
<td>19,090</td>
<td>572,700</td>
</tr>
<tr>
<td>Sub Total</td>
<td>1,870,820</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Less (affected) Earth & Capping
- 582,900
- Sub Total 7,192,280

(b) Less
- Risk Cost 0
- Time Cost 0
- Ongoing Liabilities 0
- Assessment/Market Value 7,192,280

5.3 Values/Appraisal Judgement
- Consequence of the "site specific adjustments"
- Potential negative impacts
- The market's view/perception of the site

(a) Rates have been altered due to confidentiality

(b) See Part 3 for explanation for this case study
Part 6 - Conclusion

- Rectifying past environmental disasters
- Experienced environmental consultants required
- Morally, the need to address environmental disasters prevails
- Substantially driven by the ongoing shortage of land & rising prices

Part 7 - HCV Commission 9 Working Group

7.1 Website Project
- Promote use of website to raise awareness of positive remediation of brownfields land
- Commission 9 Working Group invites active involvement of VC members
- Goal is using case studies supplied from people in this area to provide a link

Disclaimer

I would like to draw to your attention that the views presented in this paper are my own and should not be construed as representing those of the State Government of Victoria, Australia.

The figures within this paper have been altered and do not represent current levels or rates. This has been done due to confidentiality.

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