The Importance of considering Alternative Uses & Methodology when Valuing/Appraising Contaminated Sites

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The Importance of considering Valuing/Appraising Contaminated Sites

Item in today’s presentation

Part 1
1. Understanding the Environment
2. Alternative Uses
3. Case Studies
4. Forensic Assessment Matrix
5. Valuation Assessment
6. Conclusion

Part 1 Understanding the Environment

1.1 Introduction
- Poor management practice
- Land that is rendered dangerous & unusable
- Environmental issues beyond the boundaries
- Water quality – rural & urban locations
- Increasing concern for Governments
- Contamination of brownfield land
- Economical clean-up & containment methods

Part 1 Understanding the Environment

1.2 The New World

Part 2 Alternative Uses

2.1 End Game Scenarios
- Assumptions with 'clean' free of contamination
- Identify range of uses, residential, commercial, industrial
- Zoning within district

Part 2 Alternative Uses

2.2 Alternative Use Matrix
Part 3 Case Studies

3.1 Former Small Power Station Site - Victoria
- Involvement of Owner, Developer & Site Auditor
- Sensitivities
- Former Power Station used briquettes as a source fuel material
- Project included demolition of the Power Station & on-site treatment of contaminated soil
See www.groundscience.com.au (Wendouree Power Station Remediation) for details

3.2 Remediation Project - Albion Explosives Facility - Victoria
- Explosive organic compounds deposited over 10-year period
- Remediation strategy developed by auditor - technically viable - fundable
- Strategies to undertake sufficient clean-up
- For the intended land use certified in the development plan
- Disposal of unusable soil in on-site repository

3.3 Fuel Tank Time Bombs - Victoria & USA
- Identified by property professionals when visiting the site to value
- Assessments values adjusted by auditor to treat any signs of an underground fuel tank
- Victorian power industry - 20 tanks to be removed
See www.groundscience.com.au (Excavation of the fuel tanks) for details

Part 4 Forensic Assessment Matrix

4.1 Benchmark value & site specific adjustments

<table>
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<tr>
<th>Alternative Uses</th>
<th>Item</th>
<th>Residential</th>
<th>Commercial</th>
<th>Showroom</th>
<th>Office</th>
<th>Industrial</th>
<th>Warehouse</th>
<th>Industrial</th>
<th>Factory</th>
<th>Open Storage</th>
<th>Benchmark Value</th>
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Less 'A' Site Specific Adjustments

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<td>Containing Contamination</td>
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Part 5 Valuation Assessment

5.1 Valuation/Pro forma Approach

- Establish the market level of values (disregarding site-specific items related to contamination)
- “Clean” site sale evidence provides foundation price adjustments
- Apply site specific items
- Consider and apply risk factors
- Potential negative impacts
- The market’s view/perception of the site
Part 6 Conclusion

6.1 Our Environment, Our Future, Future Generations

- Rectifying past environmental disasters
- Roles hardly acceptable to environmental consultants required
- Morally, the need to address environmental matters prevails
- Substantially, due to the ongoing shortage of land & rising prices

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.

Acknowledgments

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