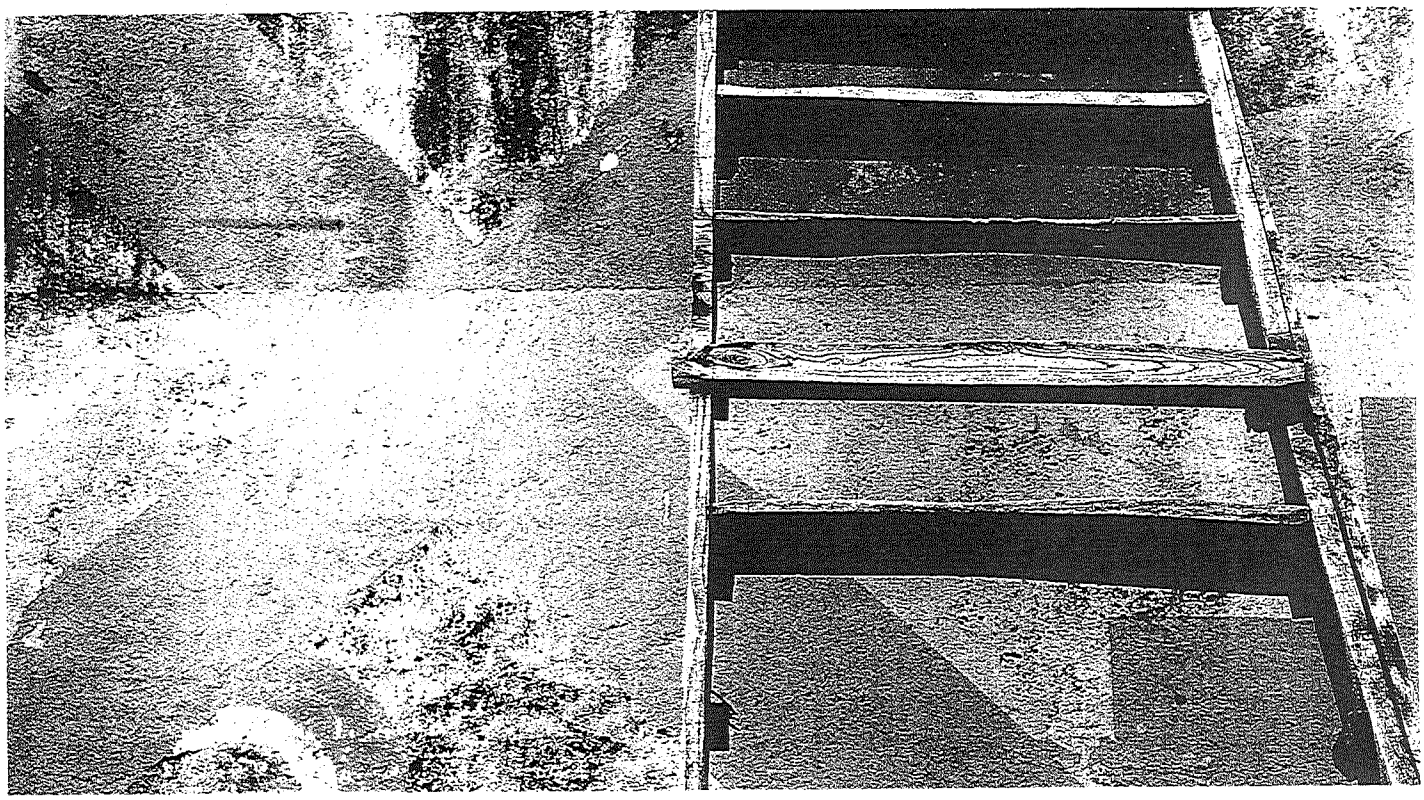


Sustainable Construction in New Jersey's Older Urban Areas

A Case Study

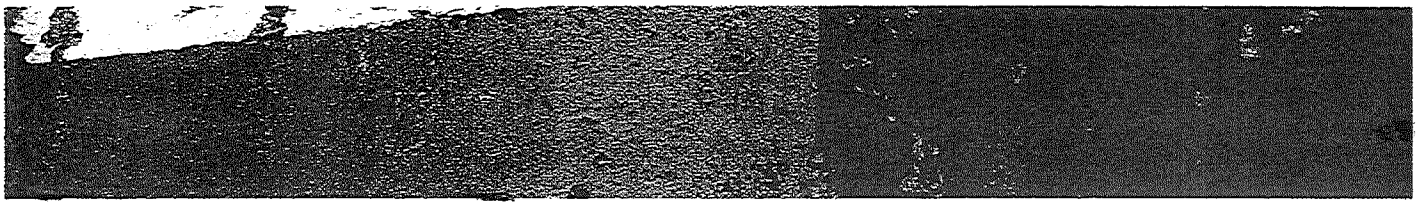
by Dante J. Romanini

The term "building green," often used loosely, can be difficult to define, which is why when the Cathedral Soup Kitchen (CSK), a nonprofit organization, was approached about constructing its new facility using green design principles, its board of directors was curious but cautious. Ultimately, CSK was able to coordinate a number of available resources that meshed neatly with sustainable building concepts, resulting in the construction of its first permanent home to serve the disadvantaged. This article outlines how that was accomplished.

Historical Background

CSK is a nonprofit organization[1] that for more than 30 years has been providing hot meals to the needy residents of Camden, presently feeding dinner to over 350 people each day. Until recently, it lacked a permanent home and had been utilizing borrowed space in a variety of locations to perform its charitable work. Several years ago it was able to purchase an abandoned property in Camden, which it hoped to develop into a permanent facility for its programs.

Unfortunately, the site was subject to a condemnation proceeding because it was located in a redevelopment area that the city of Camden had designated for the construction of an office park adjacent to the corporate



headquarters of its last remaining Fortune 500 company, Campbell's Soup Company. This meant CSK had to look elsewhere to undertake its project. It did so by coordinating a variety of public and private resources unique to urban settings to make the project viable.

The recent recession has inflicted some of its deepest wounds on real estate development. However, before the effects of the recession were felt in full force, a newly emerging movement for development had begun to gain favor in older cities—the redevelopment of brownfields[2] and other older neglected urban sites. This trend took root in cities decimated by decades of residential flight to the suburbs, losses of industrial and manufacturing bases, and otherwise general aging and decline. Nevertheless, developers slowly began to see the benefits of locating their projects in these older areas because of a combination of factors, such as the availability of affordable land in cities, lack of land or difficulty in obtaining approvals in 'virgin' or undeveloped areas, and new government incentives for redeveloping urban properties.

It is because of these factors that urban brownfields are often ideal candidates for the construction of projects using green or sustainable principles. Many of the site characteristics upon which the green building movement is premised are found on these urban sites. Examples of these factors are the reuse of previously developed sites rather than virgin land, remediating and reclaiming contaminated properties, and development of sites that minimize environmental concerns related to air and water pollution.

The CSK project is a perfect example of how an urban renewal/redevelopment/brownfields site was successfully developed in New Jersey's poorest city, using green or sustainable building principles enabled by a variety of existing statutory regimes.[3] It is suggested that this Camden effort can be used as a rough guide to show how the proper and timely management of a variety of resources can lead to successful urban sustainable redevelopment of other urban sites.

The Project

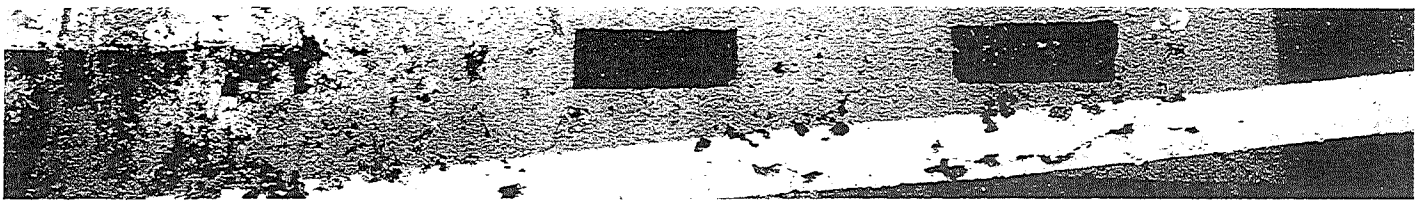
CSK's quest began by negotiating with the city for a new site. Site control is obviously paramount in any real estate development, and in this case the negotiation with the city resulted in what was essentially a swap of its existing property for another already owned by the Camden Redevelopment Agency (CRA). This acquisition represented the first piece of the brownfields redevelopment puzzle.

Once the new site was identified, the New Jersey Local Redevelopment and Housing Law (LRHL)[4] was employed to negotiate a redevelopment agreement with the CRA that would allow CSK to obtain its new site and be reimbursed for some of the financial losses it sustained in giving up its original site. This redevelopment negotiation was a key initial step, not only because CSK obtained the new property, but also because it used the LHRL to lay the foundation for garnering other public and private resources.[5] A formal redevelopment agreement under the LRHL opened the door for CSK to take advantage of additional programs that would otherwise not have been available.[6]

As it turns out, the fact that the proposed site was a brownfield also conferred upon it a status that was beneficial in the process CSK sought to undertake in its sustainable building initiative—Leadership in Energy and Environmental Design (LEED) certification.[7] LEED is an internationally recognized green building certification system, providing third-party verification that a building was designed and built using strategies aimed at improving performance across a variety of criteria including energy savings, water efficiency, carbon dioxide emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts.[8] Thus, by redeveloping a brownfield, CSK enhanced its LEED credentials.

However, because it was a brownfield, the new site came with its own set of problems. As the location of a former hardware store for almost 100 years, it was laden with environmental issues. In addition, significant demolition work was required to remove the old structure and foundation and prepare the property for the new construction. Fortunately, these factors enhanced the LEED certification process as well. LEED criteria place great importance on the use of 'sustainable' sites.

In this case sustainability was recognized by virtue of the fact that this was not virgin land. It was, in fact, an already developed but neglected urban location that was being reborn, and in the process improved through the remediation of its existing contamination.[9] This factor prompted the second phase of the sustainable development process—cleaning up the site. To do so, the CSK team, in conjunction with CRA, identified a variety of avenues as potential sources of funding to undertake that effort, and was successful in obtaining money from three of those sources to carry out the work.[10]



The first step in the remediation process—identifying the extent of the problem—was accomplished through $35,000 in funding provided by the New Jersey Hazardous Discharge Site Remediation Fund,[11] which provides investigation and cleanup funding to certain eligible properties. This was followed by site demolition, which turned out to be an expensive undertaking because of the contamination on the property. The demolition, remediation and site preparation were eventually funded through the application of approximately $200,000 from the State Economic Recovery Board for Camden[12] and $100,000 in eligible federal Housing and Urban Development (HUD) Community Development Block Grant[13] funds.

The development team that had been assembled was also instrumental in making this sustainable construction project work. In addition to a team of architects, engineers and construction industry people who were anxious to contribute to this innovative project, CSK also had the services of a LEED-certified architect who volunteered his time to advise the organization on proper procedures for obtaining LEED points.[14] This required CSK to initiate certain procedures, from the very first steps of the initial planning all the way through final construction and occupancy, and to document those procedures.

When the actual construction of the new CSK facility began, it was in part funded by publicly available financing of $900,000 from the New Jersey Economic Development Authority (EDA)[15] and through private financing through a PNC Bank loan as part of its Community Reinvestment Act[16] obligations. The balance was funded by CSK's private donors and grants from governmental entities that were available because of the nature of the project.[17] Some of these donors were new to the charity but had been impressed with CSK's ability to pull together the disparate resources to gain site control, fund the cleanup and undertake the green initiative. Consequently, CSK was able to tap into a donor base that otherwise might not have been interested in the project.

In reality, many of these financing sources were only available because the economic condition of Camden was such that few 'typical' financial channels likely would have been on the table. In effect, Camden's dire economic straits provided an underlying basis for the generation of many of these sources of revenue.

The sustainable nature of the project also provided incentive for local and state government officials to be less stringent in their requirements for development approvals, and for some agencies to take advantage of the positive publicity generated by the project. Thus, the LEED certification/brownfield redevelopment process that CSK was undergoing also ended up being attractive for a number of these state and private sources of funding.

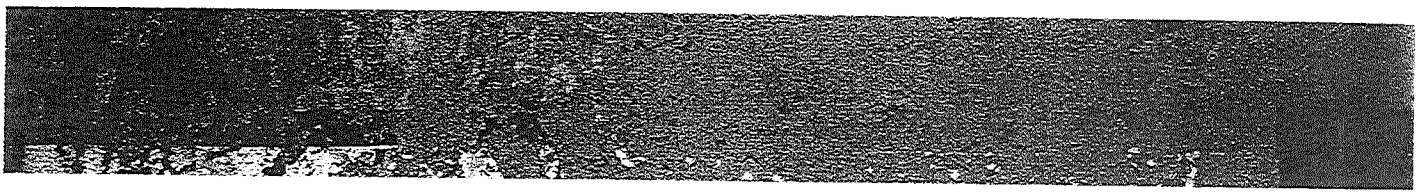
The New Jersey Department of Environmental Protection (NJDEP) was involved in the project because of the environmental issues on the site. However, since the project demonstrated that a successful brownfield redevelopment project was achievable in the state's poorest city, NJDEP later used it in promotional materials as an example of how a brownfields project could work successfully. The EDA also had significant interest for similar reasons. Even the private sources of funding were enamored with the idea that a 'green soup kitchen' was being built in such a location.[18]

In addition to the site selection and development aspects that contributed to the LEED scoring, CSK's design also employed a wide variety of sustainable building techniques, such as the use of large amounts of natural light and the inclusion of many green building products like recycled steel and wood-look plank flooring made from recycled tires.[19] Many corporate and private foundations found this to be an enticing charitable cause because of the unique factors that made up the project. As one example of this interest, in June 2010, when the Sustainable Agriculture and Food System Funders (www.safsf.org) held its annual forum in Philadelphia, they offered attendees a tour of the facility led by representatives from the William Penn Foundation and the Geraldine R. Dodge Foundation.

Today, almost two years after construction was completed, the CSK continues to serve its community.[20] All of this was made possible through the successful identification and application of available public funding sources, coupled with the generosity of private donors. The sustainable aspect played no small part in the project's success, since it was the impetus for many of the contributors to become actively involved.

The Lessons Learned

The success of CSK's project demonstrates several lessons about sustainable development in New Jersey's older urban areas. First, there are many opportunities, although development in distressed cities may not seem attractive at first blush. Additionally, different obstacles exist when developing in urban



areas compared to undertaking a project on virgin land. However, unique economic incentives and resources often exist in urban areas. Some of the funding sources for the CSK project simply would not have been available if the project were located in a suburban spot.

Second, there are a variety of resources that can be tapped into to overcome perceived obstacles that may be present when developing (or redeveloping) property in urban or brownfields areas. This fact is not new to many in the development field, since state and local governments have been trying for years to rebuild their decaying cites by attracting new projects. However, these existing resources need to be properly identified and diligently pursued. One must be thorough in searching out those resources and identifying the avenues where funding or other assistance could be obtained. This aspect of the development process is key to any multi-faceted effort to build in urban areas, and is particularly true when sustainability is a goal. Indeed, using sustainability as a marketing tool can lead to more financing opportunities.

Third, it may be unlikely that a sole source of revenue will provide enough support to address a project's entire financial needs in an older urban area. Urban sites typically have more acute development hurdles that must be addressed, and in order to do so, a developer will likely need to look in more than one place to find a solution. Potential environmental contamination, neglected infrastructure, lender skepticism and political issues are just some of these concerns. Yet at the same time, these factors are the very things that sustainable building practices seek to take advantage of. CSK's experience proved that seeking a number of complementary sources, including grants and/or loans, may work to meet the totality of requirements for a development. The fact is that although development issues on urban sites may seem daunting at times, they are not more numerous than those present on suburban locations. Rather, the issues are simply different.

Finally, while CSK's project was somewhat unique due to its status as a nonprofit, the importance of what it was able to accomplish is rooted in the fact that, through the diligence of its staff and design team professionals, it was able to overcome what initially seemed like insurmountable problems (site control, contamination and funding gaps). A successful coordination of a broad range of funding sources to complete the full puzzle is essential. In doing so, a developer can maximize its resources and in the process build a sustainable project that can be used as an asset to attract more resources.

Creative financing and the ability to tie various sources of funding together were the hallmarks of the CSK project. In the current economy, this is a lesson that should be taken to heart by anyone seeking to build sustainably in older cities where the issues are markedly different than elsewhere.

Conclusion

Although the CSK project may not be typical of most development projects, the process used to reach its eventual goal is a model that could work for any green-oriented urban construction project. While the project was undergirded by its sustainable nature, the key to the completion of the development was the coordination of numerous sources of funding, governmental resources and construction efforts that meshed to be successful in an otherwise difficult development scenario.

Until significant redevelopment takes place in older urban areas, there will always be similar types of challenges. Yet, at the same time, these locations may provide some of the best opportunities for developers to build sustainably. As we eventually move back to an economic climate that will allow more development in older urban or brownfields areas, the approach that was successful for the Cathedral Soup Kitchen in Camden may be a process worth emulating.

Endnotes

1. Cathedral Kitchen is a 501(c)(3) entity.
2. The term "brownfields" has various definitions, but can generally be defined as "a former or current commercial or industrial site that is currently vacant or underutilized and on which there has been, or there is suspected to have been, a discharge of a contaminant." *See* N.J.S.A. 58:10B-1.
3. While the definition of "sustainable building design" is constantly changing, according to the National Institute of Building Sciences six fundamental principles persist: optimization of the site, optimization of energy use, protection and conservation of water, use of environmentally friendly products, enhancement of indoor environmental quality and optimization of operational and maintenance practices.
4. N.J.S.A. 40A:12A-1 *et seq.* The redevelopment agreement can be used as a tool to foster the necessary factors that help develop a brownfield

site using green techniques.

5. The LHRL can be an extremely powerful tool if properly utilized. Among other things, it enables developers to enter into direct agreements with municipalities without public bidding, N.J.S.A. 40A:12A-9; allows towns to offer tax abatements, N.J.S.A. 40A:12A-66, and direct grants to redevelopers, N.J.S.A. 40A:12A-8; and permits project specific zoning under certain circumstances, N.J.S.A. 40A:12A-7.
6. *Id. See* sections 8, 9, 22, 29, 30, 39 and 40 of the LHRL for some provisions of the statute that can be used to foster development in urban areas.
7. LEED is a program sponsored by the U.S. Green Building Council.
8. U.S. Green Building Council; www.usgbc.org.
9. Choosing a building's site and managing that site during construction are important considerations for a project's sustainability under U.S. Green Building Council criteria. Its sustainable sites category discourages development on previously undeveloped land; strives to minimize a building's impact on ecosystems and waterways; encourages regionally appropriate landscaping; rewards smart transportation choices; controls storm water runoff; and reduces erosion, light pollution, heat island effect and construction-related pollution.
10. Given the state's present budget concerns, some of the sources of funding that CSK used three years ago might not be as readily accessible today, but the concept of combining available resources is still key.
11. N.J.S.A. 58:10B-4.
12. N.J.S.A. 52:27BBB-36. (Note: The ERB funds were accessible only because of Camden's peculiar situation at the time, and are no longer available because of changes in the law and the state budgetary process.).
13. 42 U.S.C. 5301; 24 CFR 570.1 *et seq.*
14. The LEED certification process consists of a system where points are awarded (or denied) for each phase of the construction project from the early planning stage to final occupancy.
15. *See* N.J.S.A. 34:1B-1 *et seq.* Information on the particular program used by CSK, as well as other EDA programs, can be found at EDA's website: www.NJEDA.com. EDA is an extremely valuable resource. Its staff is well versed in helping developers identify sources of funding for many types of projects including sustainable ones.
16. 12 U.S.C. 2901 *et seq.* Under this federal statutory regime, financial institutions have an affirmative obligation to serve all facets of their community, including low-income and minority populations, with capital investment and loan availability. *See also, Lee v. Board of Governors of the Federal Reserve System,* C.A.2 1997, 118 F.3d 905.
17. Both individual and institutional sources were identified. These were attracted by the appeal of being involved in a project that was both charitable and also forward-looking because of its sustainability.
18. The sustainable aspects of a project can lead to greater public and private investment interest. It is more attractive to public entities that provide public financing because building green has become a highly valued concept, particularly in urban areas that have undergone severe decay. Private lenders also have interest in these projects for the same reason. The sustainable nature of any urban project enables funding sources to tout their green credentials at a time when the ability to claim them is a valuable public relations or marketing asset. Some of the private foundations who provided grants for the project included Connelly Foundation, The Danellie Foundation and Campbell Soup Foundation.
19. The CSK building also took advantage of these other sustainable traits: its location on a major bus route; use of low-flow faucets and toilets with automatic controls; waterless urinals; low VOC paints, carpet, adhesives and sealants; motion-sensitive light fixtures and switches; recycled material in the main flooring; white reflective roofing; use of water runoff for landscaping; daylight and outside views with operable windows for less reliance on artificial lighting; use of timers and energy-efficient fixtures to reduce light pollution; use of regional materials in construction; use of recycled glass and educational materials within the building to emphasize the green design.
20. Although CSK has constructed its facility to be eligible to garner the necessary points for LEED certification, and had registered the project for that purpose, the required documentation necessary to obtain the certification with the U.S. Green Building Council, including the commissioning process, was estimated to cost CSK an additional $20,000. The lack of funding for this task has prevented the nonprofit from moving forward on it.

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