

DEPARTMENT OF SUSTAINABILITY AND ENVIRONMENT

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



Items in today's presentation

1. Introduction
2. Case Studying - Thackray Road, Port Melbourne
3. Site Specific Adjustments
4. Risk Factor for Rectification of Contamination
5. Forensic Valuation
6. Conclusion
7. FIG Commission 9 Working Group - Website Project



Tackling the Issues of contamination



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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




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Part 2 - Case Study

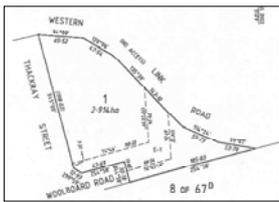
Thackray Rd, Port Melbourne, Victoria, Australia




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Part 2 - Case Study

2.2 Photographs of Site and Site Plan


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Part 2 - Case Study

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



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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



Part 3 - Site Specific Adjustments

3.2 Forensic Costs Data

- Specialist consultant to quantify in dollars and justify type of approach
- Demolition and removal of the existing structures
- Install a 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 projects 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

Part 5 - Forensic Valuation

5.2 Forensic Assessment

Thackray Road				
Bench Mark Level	m2	\$/m2		
Unaffected Land	19,090	\$400	\$7,636,000	
Affected Land (by easement)	10,050	\$200	\$2,010,000	
Total Site Area	29,140		\$9,646,000	\$9,646,000
Site Specific Adjustments				
Less (unaffected)	Earth & Capping	19,090	\$58	\$1,107,220
	Demolition	19,090	\$10	\$190,900
	Extra Bldg. Foundations	19,090	\$30	\$572,700
Sub Total			\$1,870,820	\$1,870,820
Less (affected)	Earth & Capping	10,050	\$58	\$582,900
Sub Total				\$7,192,280
(b) Less	Risk Cost		\$0	\$0
	Time Cost		\$0	\$0
	Ongoing Liabilities		\$0	\$0
Assessment/Market Value				\$7,192,280

Part 5 - Forensic Valuation

5.3 Valuers/Appraisal Judgement

- Consequence of the "site specific adjustments"
- Potential negative impacts
- The markets view /perception of the site

Part 6 - Conclusion

- Rectifying past environment 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 - FIG Commission 9 Working Group

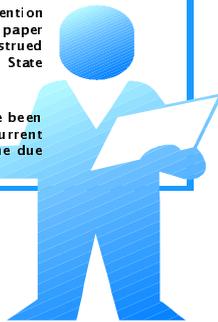
7.1 Website Project

- Promote use of website to raise awareness of positive remediation of Brownfields land
- Commission 9 Working Group invites active involvement of FIG members
- Goal in using case studies supplied from people in this area is 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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