

## Company that recycles brownfields finds success

### Former industrial site near stadium is one of several area projects

By **TOM DAYKIN**  
[tdaykin@journalsentinel.com](mailto:tdaykin@journalsentinel.com)

Posted: Oct. 8, 2008

Minneapolis-based development firm Real Estate Recycling Inc. occupies a special niche: It targets dormant industrial properties, known as "brownfields," that are environmentally contaminated and need to be cleaned up before being developed.

The firm has completed several projects in the Milwaukee area. They include the construction of four buildings totaling over 200,000 square feet and housing companies with 450 employees, on the former site of Ampco Metal Inc., west of S. 38th St. between W. Mitchell and W. Burnham streets, on the Milwaukee-West Milwaukee border. The project, known as Stadium Business Center, recently had a ribbon-cutting ceremony marking its completion.

Real Estate Recycling President Jeff Hall took time before the festivities to talk about what attracted his firm to the Milwaukee area; why the area around Miller Park Way has boomed in recent years, and what future projects are in the works. This is an edited version of that interview.

**Q. When and how did Real Estate Recycling get started?**

**A.** We started back in 1994. . . . Minnesota was the first state to pass a brownfield law. Before the brownfield law, anyone who owned anything contaminated could be jointly and severally liable for the (cleanup) expense. . . . That discouraged anybody from doing any cleanup because nobody wanted to get near anything. The brownfield laws recognized that you need to get developers in to clean up the sites, and get them redeveloped, because that's the tax base for the city. And the cities were losing tax base because all the contaminated sites were being abandoned.

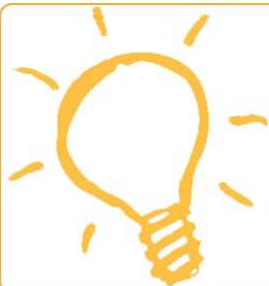
**Q. I first talked to you in 1997, when Real Estate Recycling said it would buy, clean up and redevelop two Brookfield distribution centers. That was around the time that Wisconsin first proposed using state grants to help with land cleanup costs. Was it the grant program that helped draw your firm to Wisconsin?**

**A.** The Wisconsin program is fantastic. . . . They continue to improve the legislation and the funding each year. The funding is always a challenge because there's so much competition for funding in so many ways. . . . But the brownfield grants are critical, and the states that have effective brownfield redevelopment programs are the ones that have grants. This work needs funding. It's complicated and risky. . . . At least, I'd say, two-thirds of the (contaminated) sites are upside down, where the cleanup is more expensive than the value of the land.

**Q. So, if the contaminated land has to be cleaned up, isn't that just another cost of doing development on that site? Why should there be, in effect, a taxpayer subsidy for development?**

**A.** It's not a subsidy. As I was saying, if the land is worth \$100 and the cleanup is \$200, no one will ever do that cleanup. And so the grant is intended to fund that gap . . . so the basis for the developer can

Advertisement



A bright idea in online advertising.

PrinterStitial® ads by Format Dynamics.



FormatDynamics®

Print Powered By  FormatDynamics™



be the market value of the land. . . . So it's really an incentive to get the project going, to get the cleanup done, to get the tax base back, and to get the jobs back. . . . Most of our projects we out-perform what the projections were so the grants . . . are usually paid back much quicker than expected.

**Q. Along with Stadium Business Park, here at the former Ampco site, Real Estate Recycling has developed two separate phases of Stadium Business Center, both in West Milwaukee, which are within blocks of this development. Why is the area near Miller Park Way such a strong market for these distribution center and back office buildings?**

**A.** There was a lot of industrial activity here, and that leads to historical patterns that created pollution. . . . So there were some sites here. And we got started on a couple and realized it's a terrific location. Very central. Good highway access. The people in the village (of West Milwaukee) are fantastic to work with. And it's been wonderful working with the City of Milwaukee on this project.

**Q. There was a debate about allowing such buildings in the city-owned Menomonee Valley Industrial Center, just two miles north of here. Some real estate brokers and developers said the city should allow them because they would help generate property tax revenue. Mayor Tom Barrett and other city officials said it was better to wait for developments that provided more jobs per square foot than what distribution centers typically provide. Do you think the mayor was smart to wait for more job-intense developments up at the valley industrial center?**

**A.** Yeah, I do. When a city has more control of a project, they tend to have some different criteria. And jobs obviously are critical, because that's what taxpayers care about. Taxpayers don't want to fund things unless they know the city is going to be paid

back through jobs and tax base. The Menomonee Valley is a very central area, a very visible area. To have a lot distribution would have been underutilizing that area because you can have distribution anywhere.

**Q. What's next in your firm's plans for the Milwaukee area? I know you've planned to build a distribution center/office building at a brownfield site at S. 6th St. and W. Grange Ave., near Mitchell International Airport. Is that project still in the works?**

**A.** The 6th and Grange site we came into right around 9-11, and 9-11 really killed the airport market. It's been very slow. It's showing signs of life now, which is terrific. And that's really our next focus. It's a terrific site, with good visibility from the highway spur coming out of the airport.

© 2005-2007, Journal Sentinel Inc. All rights reserved. |  
Produced by [Journal Interactive](#) | [Privacy Policy](#)

Advertisement

A bright idea in online advertising.  
PrinterStitial® ads by Format Dynamics.

Print Powered By FormatDynamics™