

May 5, 2008

Developer, School District Ink 15-Acre Deal

By [Brian K. Miller](#)



VALLEJO, CA-The Vallejo Unified School District is selling four surplus infill parcels totaling 14.7 acres in a deal that includes a piece of the buyer's back-end profit. As part of the deal, the school district is carrying back \$6 million of the \$10 million purchase price in the form of a trust deed. EnviroFinance Group, formerly Continental Environmental Redevelopment Financial, provided \$7.25 million in financing for the acquisition and repositioning of the properties.

The buyer is Brooks Street, a land development specialist that plans to add value to the site by re-entitling them for as much as 180 units housing units and some street-level retail space. Brooks Street specializes in master planning, brownfield remediation, urban infill, adaptive reuse and sustainable development. This time last year the company acquired for re-entitlement the 38-acre former General Mills processing plant on the waterfront in Vallejo. It also owns an 87-acre brownfield site in Richmond, CA, known as the Campus Bay property.

James Shuppert, a VP with the lender, a specialist in brownfield lending, tells GlobeSt.com that two of the properties are clean and two have underground contamination resulting from storage tanks once containing petroleum. The two-year loan represents 65% of the cost to acquire, clean and re-entitle the properties, which puts the overall price tag at between \$10 million and \$11 million. Once the clean-up and re-entitlement are complete, Shuppert says the loan-to-value will be between 35% and 40%, which means the re-entitled property would be worth as much as \$20 million.

Two of the school district properties currently hold schools, another holds administrative buildings and the fourth was yard area for the maintenance, repair and storage of district vehicles. Two of the properties are contiguous and two are not. The biggest parcel is 6.9 acres. The street addresses are 415 Daniels St., 211 Valle Vista Ave., 501 Oregon St. and 1140 Capitol St. The 180 units equates to 12 units per acre, which Shuppert says is in concert with the surrounding development.

In addition to the financing EnviroFinance Group provided assistance in arranging Pollution Legal Liability Insurance coverage. "The various environmental issues connected to these parcels exceeded the technical capabilities of a conventional bank," said Devin Hassett, project manager for Brooks Street.