

# Case Study of Mellow Mushroom

## Keys to Success



**Project Description**



**Economic Value**



**Challenges & Advice**



**Benefits**



**Stewardship Meaning**



Louisville real estate developer Andy Blieden noticed a property in terrible shape, covered in graffiti and with indigents living inside. Windows were smashed, the roof was failing and the front door had been kicked in. A concrete block wall had caved in, and vines were growing inside the building. The dry cleaning business that operated there closed in 2002, leaving the building vacant.

“My home and other properties that I own are on the same block,” says Blieden. “This building was a cancer, sucking the life out of the street.”

Blieden obtained a contract with the seller in 2009, but after doing his due diligence, found that the property was contaminated. Efforts to address the contamination had been difficult because the owner refused to pay for the cleanup, which ended the deal. Later, Blieden received another contract on the condemned property. He offered to clean the site, but was unable to obtain a bank loan on the property because of

the contamination and couldn't afford the liability of cleaning up the site.

By 2013 when Blieden again wanted to purchase the land, House Bill 465 had been passed creating a process for prospective purchasers of contaminated properties to manage liability for corrective action under state Superfund

laws. The Kentucky Brownfield Redevelopment Program gave Blieden assurance, in writing, that he wouldn't be responsible for cleaning up or investigating historical release(s). Blieden bought the property and made plans to construct a Mellow Mushroom restaurant on

the site.

Blieden says the bill was a smart, commonsense piece of legislation that provided him with a workable site plan that took care of the problem without “breaking the bank.”

“The Kentucky Department for Environmental Protection (DEP) is looking for ways to help develop

**“My advice is to find a property, research the issues and work with the Kentucky Brownfield Redevelopment Program.”**

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properties with contamination or a perception of contamination” says Jim Kirby of DEP. “With that goal, the Commonwealth has developed one of the most creative Brownfield redevelopment programs in the U. S. The department is working hard to encourage businesses to use vacant and underused properties to create jobs in Kentucky.”

**\$** Blieden says the economic impact for the property was profound. The value for what he paid and what the property was worth after the approved site plan was implemented was about a 120 percent increase. In addition, the new restaurant employs 140 persons, who have income to spend, boosting the local economy.

**?** Environmental and physical conditions of the structure were two big hurdles. Kentucky’s brownfield redevelopment



The old Miracle Dry Cleaners

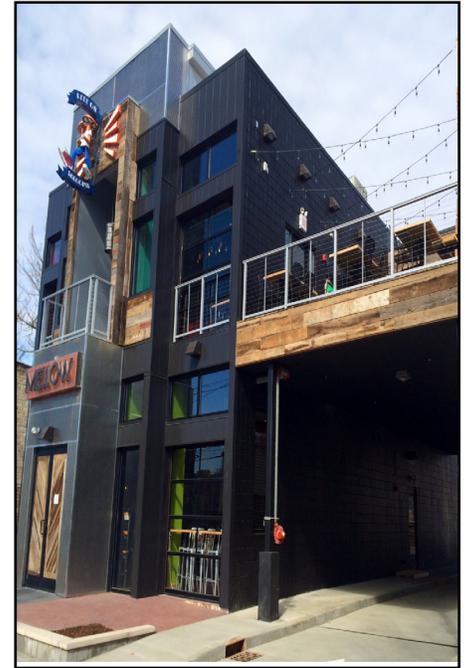
law gave Blieden what he needed to secure funding and move the project forward.

“To my surprise, House Bill 465 had been passed, and people at the city and state wanted to help me,” says Blieden. “I found out I could obtain financing to buy the property and develop it without having the liability of the environmental problems. Without House Bill 465, this deal would have never happened.

“My advice is to find a property, research the issues and work with the Brownfield Redevelopment Program,” continues Blieden. “I received great insight and direction from the state that made the deal happen.”

**+** The neighbors, media, city and tenant love the project because it created jobs and cleaned contaminated property. With the area’s thriving commercial activity, this property may play a role in the revitalization of other nearby commercial properties.

The Brownfield Redevelopment Program has generated interest that will enable other brownfield properties to be cleaned and put



The completed Mellow Mushroom

back into productive reuse. There are incentives, including tax credits for remedial costs, grants for governments and nonprofits or public/private partnerships, utility tariffs and Kentucky’s Revolving Loan Fund/Grant Fund.

**🌿** “We have achieved a win/win situation for everyone—from the new restaurant’s customers, to its employees, to the neighborhood with a severe blight redeveloped, to the state that now has additional tax revenue,” says Blieden.

**HELPFUL HINT:** Before you begin a project, contact the Kentucky Brownfield Redevelopment Program for advice, plan ahead and don’t be discouraged if there are obstacles.