

# IOWA BROWNFIELD REDEVELOPMENT PROGRAM

## Considerations for Property Transactions

If you are considering buying or selling a property with suspected environmental contamination, you may want to evaluate the need for conducting environmental testing prior to the sale.

### ENVIRONMENTAL TESTING PRIOR TO SALE

While Iowa law does not require property owners or buyers to conduct environmental sampling of soils or groundwater prior to a real estate transaction, many potential buyers, lenders or investors seek an environmental assessment prior to purchase. Assessments allow all parties involved to anticipate environmental conditions that could impact the suitability of the site. Without an environmental assessment, property owners may have a difficult time finding buyers if the site has current or historical activities that involved storage, use or disposal of hazardous materials.

### PHASE I ENVIRONMENTAL SITE ASSESSMENT

The first step in conducting pre-purchase environmental due diligence is often a Phase I environmental site assessment (ESA). Conducting a Phase I ESA is a non-intrusive process that involves reviews of environmental records at local, state and federal agencies for the property and areas around it, reviews of local building records and historic aerial photos and maps, as well as a site walk-over with photography. The Phase I ESA provides a summary of historic and current site and area activities and observations that could have potential environmental impact, and the Phase I ESAs finding will recommend if it would be warranted to do sampling and analysis of soils and groundwater for any suspected contaminants (a Phase II ESA) to confirm if past site activities have created any environmental or human health impacts of concern.

Environmental engineering or consulting firms with experience in this area conduct Phase I ESAs. Completion of a Phase I ESA does not create liability issues for current owners unless obvious, hazardous conditions are observed. If a buyer seeks federal environmental liability exemptions or brownfield grant program resources, a timely Phase I ESA is required prior to purchasing the property, and the Phase I ESA must be conducted by using ASTM Standard E1527-21.



### PHASE II ENVIRONMENTAL SITE ASSESSMENT

If a Phase I ESA indicates possible environmental impacts, the buyer may request a Phase II ESA to confirm or deny contamination in suspect areas. This assessment involves collecting soil and groundwater samples, laboratory analysis, and comparing results to regulatory standards. While Iowa law does not require Phase II ESAs, if results indicate a potentially hazardous condition, such findings must be provided to the DNR for further review. Current owners may have an obligation under Iowa law to conduct further assessment to determine the extent of the contamination. Owners may also have to conduct cleanup or other remedial actions if it is determined they caused any hazardous conditions.

### KEY ITEMS FOR CONSIDERATION

Buyers and sellers of property should discuss the Phase I and Phase II ESA process, and related responsibilities and regulatory considerations, before proceeding with assessments.

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