



Phase I – Environmental Site Assessments

WHAT ARE PHASE I ENVIRONMENTAL SITE ASSESSMENTS?

Phase I Environmental Site Assessments (ESAs) are an important tool to help property owners, investors, borrowers and lenders meet legal, financial and ethical obligations for **due diligence** on properties before purchase, sale, development, refinancing or foreclosure. Potential buyers use a Phase I ESA to:

- Avoid taking ownership of property with unknown contamination;
- Be eligible to use the “innocent landowner, contiguous property owner, or a bona fide prospective purchaser,” defense and avoid responsibility for cleanup under the federal Superfund law (**CERCLA**); and
- Evaluate whether environmental risks are worth accepting in a case where contamination is discovered.

The purpose of a Phase I ESA is to learn about a property's past use, environmental conditions at the property/site and adjoining properties, and possible presence of hazardous substances and petroleum products. A Phase I ESA is typically conducted prior to entering into a purchase, re-financing or option agreement and is ultimately used to assist property owners in managing environmental risks.

Results of the Phase I ESA may remove barriers to redevelopment. A Phase I ESA is the first step in demonstrating a property is not as contaminated as commonly believed or not contaminated at all.

ARE THERE STANDARDS FOR PHASE I ESAs?

A Phase I ESA must be conducted in compliance with EPA's **All Appropriate Inquiries (AAI)** final rule or follow the standards set forth in the ASTM to be eligible for liability protections under CERCLA. EPA recognizes two **ASTM** International Standards as compliant with AAI requirements: ASTM E1527-21, “Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process” and E2247-16, “Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process for Forestland or Rural Property.”¹

¹ASTM standards are reviewed and often revised every 5 years. The two-digit number suffix identifies the year of publication.

WHO CONDUCTS PHASE I ESAs?

Phase I ESAs must be conducted by an **environmental professional** to comply with the AAI final rule. A person who is not an environmental professional (as defined by AAI) may assist in conducting a Phase I ESA if the individual is under the supervision of a person who meets the definition of an environmental professional.

WHAT IS INCLUDED IN A PHASE I ESA?

A Phase I ESA involves the review of federal, state, local and historical records; review of commonly known or reasonable ascertainable property information; a visual inspection of the property; identification of any significant data gaps that would affect the ability of the environmental professional to identify conditions indicative of releases or potential releases of contaminants; and interviews with current and/or past owners, occupants, operators and local government officials. (In the case of abandoned properties, it may also include an interview with one or more neighboring property owners.) A Phase I ESA does not involve sampling or laboratory analysis.

Based on past site uses, the person or entity requesting the Phase I ESA may wish to acquire additional, non-scope information at the same time that a Phase I ESA is conducted. Typical non-scope considerations may include investigation of asbestos-containing materials, radon, lead-based paint, lead in drinking water, wetlands status or emerging contaminants review² (such as per- and polyfluoroalkyl substances, also known as PFAS).

²Emerging contaminants are substances that are not defined as hazardous under CERCLA but may be considered hazardous substances under state law or otherwise.

WHAT IS NOT INCLUDED IN A PHASE I ESA?

No soil, groundwater, surface water, air, building materials or any other substances associated with the site are sampled, tested or analyzed. This may be done later if a Phase II is indicated.

WHAT DOES A PHASE I ESA REPORT LOOK LIKE?

No certain format is mandatory for the Phase I ESA report, but the report must include all components required by ASTM and AAI. In addition, a good report provides the client with relevant information in a format that is accurate, concise and easy to read.

A typical report may contain the following.

Executive Summary: Summarizes potential environmental concerns identified on the property or on adjacent or nearby properties.

Introduction

- **Purpose:** Why the work was conducted.
- **Methodology:** How the work was conducted.
- **Scope of Services:** What work was done; generally includes a statement that the work complies with AAI or ASTM standards.
- **Warranty and Limitations:** Generally explains that the work was conducted in a manner consistent with acceptable practices for conducting Phase I ESAs.

Qualifications Statements and Signature: Certain statements of credentials and qualifications and the signature of the environmental professional conducting the Phase I ESA are required to comply with the AAI final rule.

Subject Property (Site) Description: Gives location and legal description of the property; typically includes descriptions of immediate boundaries, property dimensions, current use, zoning, buildings and improvements, utilities and easements, topography and surface water drainage patterns, presumed or known direction of groundwater flow, general description of the geology, and soil characteristics.

Adjacent and Near Properties Description: Describes current land use of properties immediately adjacent to and/or near the subject property. The goal is to identify properties that may negatively impact the environmental status of the subject property.

Records Research

- **Historical Records:** Includes reviews of historical information sources such as topographic maps, aerial photographs, city directories, fire insurance maps and chain-of-title summaries in an effort to determine all past land uses of the site (since the site was developed) and adjacent properties.
- **Regulatory Agency Records:** Typically a standard records search of regulatory agency databases of properties within 1/8 to 1 mile of the subject property. The report should summarize the sites that are potential environmental concerns to the subject property.
- **Physical Setting:** Review of sources of geology, hydrogeology, topography and drainage information pertinent to the site.

Interviews: Information about the site and adjacent properties disclosed by persons knowledgeable about those properties. These persons may include present or past property owners, operators and occupants as well as neighbors or local government officials.

Potential Environmental Concerns: Potential environmental concerns related to the subject property or adjacent/near properties are reported.

Data Gaps: Required by the AAI final rule.

Findings and Opinions

- **Recognized Environmental Conditions:** Significant environmental concerns associated with a subject property or adjacent/near properties.
- **Opinion of the Environmental Professional (EP):** AAI final rule requires a written report documenting the results and includes an opinion of an environmental professional as to whether all appropriate inquiries conducted identified conditions indicative of releases or threatened releases of hazardous substances on, at, in or to the subject property. The report also must include an opinion regarding additional appropriate investigation, if the environmental professional has such an opinion.

Recommendations: The report may contain recommendations about what steps should be taken to address any concerns.

Appendices: Includes copies of reproducible information sources reviewed during the Phase I ESA, as well as an area vicinity map and site diagram detailing any potential environmental concerns.

Note: Those conducting a Phase I ESA as part of an EPA Brownfield grant will be required to include specific language on the qualifications and signature of the environmental professional(s) who conducted the Phase I ESA. See your grant terms and conditions for the specific language to include.

HOW LONG IS THE PHASE I ESA VALID?

For liability protection under CERCLA, a Phase I ESA is valid for one year. After one year, it becomes obsolete, so a Phase I ESA must be conducted within one year prior to the property transaction, with certain aspects conducted or updated within 180 days of the purchase date (that is, site inspection, interviews, local records search, environmental professional's declaration).

ADDITIONAL RESOURCES

All Appropriate Inquiries: Fact Sheets, the final rule, and other information www.epa.gov/brownfields/brownfields-all-appropriate-inquiries

Brownfields: EPA website containing brownfields program information www.epa.gov/brownfields

Purchase a copy of the ASTM standards:
webstore.ansi.org

Check out more Fact Sheets on our website.

