

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY CREATES NEW BROWNFIELDS LOAN PROGRAM

Hodgson Russ Environmental Alert
April 22, 2019

On April 9, 2019, the New Jersey Economic Development Authority (“NJEDA”), the principal agency for economic growth in New Jersey, created the Brownfields Loan Program (“BLP” or the “Program”) to provide low-interest financing for the remediation of vacant or underutilized brownfields. The BLP was sparked by New Jersey Governor Phil Murphy’s initiative to target investments in underserved communities, and builds off of similar economic development initiatives undertaken by nearby States.

Under the BLP, up to \$5,000,000 will be available to potential brownfield site purchasers and current brownfield site owners. Eligible uses of Program funds include the costs associated with site investigation, assessment, remediation, and building and structural issues, including demolition and asbestos removal. “Soft costs,” such as attorneys’ fees, are also covered so long as those costs are no more than 20% of the loan provided by the BLP. Use of BLP funds will not be allowed to be duplicative of other state or federal grants previously awarded for the same purpose, such as an environmental study or report.

Loan funds through the Program will carry a standard interest rate fixed at 3%. Interest rate reductions may be granted by NJEDA, on a case by case basis, if the project supports certain community redevelopment goals. Examples include mixed-use residential development with an affordable housing component, healthcare services, food delivery in urban areas that are “urban food deserts,” electrical vehicle charging stations, incubators, and collaborative spaces, among others.

To be eligible for BLP funding, the property must have an appraised value of at least 100% of all debt financing, including the loan sought from the BLP. Applications must include an environmental report from a qualified professional demonstrating the existence of contamination, a letter of local support from the mayor of the municipality where the project is located, and a redevelopment plan for the reuse of the site. NJEDA will evaluate each application to determine if the project is feasible and whether any funding gap exists.

Attorneys

Richard Campbell
Joseph Endres
Michael Hecker
Julia Hilliker
Elizabeth Holden
Rick Kennedy
Alan Laurita
Charles Malcomb
Paul Meosky
Daniel Spitzer
Jeffrey Stravino
William Turkovich
Henry Zomerfeld

Practices & Industries

Brownfield Redevelopment
Environmental

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY CREATES NEW BROWNFIELDS LOAN PROGRAM

Applications will be reviewed in competitive rounds, and those applications that meet eligibility guidelines will then be scored by NJEDA staff. Scores will be based on a variety of factors, including site location, length of time the site has been vacant or underutilized, and how the project redevelopment fits within local redevelopment plans. In order to obtain loan funding, a minimum score must be attained. Priority of funding will be determined by the highest overall scores. The applications for BLP funding will be available in the coming months.

Program funds are not limited to only private developers; municipalities can apply for BLP funding as well. Municipal applicants must obtain Local Finance Board approval in order to seek BLP funding. Given the size of the potential applicant pool, it is anticipated that there will be a large number of applicants competing for limited BLP funding.

While still in its infancy, this program appears to be consistent with the general trend in revisions to other States' brownfield economic programs. When utilized properly, funds, such as those available through this program, can be of great benefit to developers and other strategic parties. If you are interested in learning more about the BLP program or other brownfield remediation considerations, please contact an attorney from our Brownfield Redevelopment Practice.

If you received this alert from a third party or from visiting our website, and would like to be added to our Environmental Law mailing list or any other of our mailing lists, please visit us at: <https://forms.hodgsonruss.net/sign-up-for-email-and-other-communications..html>.