



NJEDA EXPANDS BROWNFIELDS LOAN PROGRAM TO SUPPORT REVITALIZATION OF CONTAMINATED PROPERTIES

The New Jersey Economic Development Authority announced in April that they approved the creation of a new Brownfields loan program. Low interest financing would help complete remediation of vacant or underutilized Brownfields sites, paving the way for those sites to be revitalized and put back to reuse. The program is part of a Governor's Program to drive targeted investments in underserved communities.

The expanded brownfields loan program will provide low-interest bridge financing to make the remediation phase of a project financially viable. The program will make financing of up to \$5,000,000 available to potential brownfield site purchasers and current brownfield site owners to cover the costs associated with site investigation, assessment and remediation, and building and structural issues such as demolition and asbestos removal. While the brownfields loan will only finance the remediation aspect of the project, all projects must include a redevelopment plan for the reuse of the remediated site.

To be eligible for funding, the NJEDA will conduct an analysis of the project application to determine if the project is economically feasible or if a funding gap exists. The remediated property must also have an appraised value of at least 100 percent of all debt financing (including the proposed brownfields loan), and the project must submit an environmental report from a licensed site remediation professional or other qualified professional to verify that contamination exists on the site. Projects must also demonstrate local support through a letter of support from the mayor of the municipality in which the project is located.

Funding will be made available through competitive application rounds, and projects that meet this base eligibility will then be scored by Authority staff according to various details about the brownfields site and/or proposed redevelopment project. This will include the site location, the length of time the site has been vacant or underutilized, and alignment of the redevelopment project to local redevelopment plans. Priority of funding within a competitive round will be determined by highest overall scores, and all projects must meet a minimum score in order to be considered for funding.

The standard interest rate for projects that meet these baseline eligibility requirements will be fixed at 3 percent. However, the NJEDA will review proposed redevelopment plans and may apply interest rate reductions if the redevelopment project supports certain community development goals, including mixed-use residential development with an affordable housing component, food delivery sources in urban food deserts, primary health care services, tourism destination projects, electric vehicle charging stations, smart growth parking (convertible to commercial space), and incubators and collaborative workspaces.

"Transforming contaminated sites into productive projects that enhance the areas where they are located is one of the most effective investments we can make in New Jersey's communities," said NJEDA Chief Executive Officer Tim Sullivan. "The brownfields loan program and proposed remediation and revitalization tax credit will play a crucial role in getting these projects off the ground and bringing new life to communities around the state."

Applications for the Brownfields Loan Program will be available in the coming months.

To read Governor Murphy's full economic plan, please visit: <https://nj.gov/economicplan>



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