Hazardous Discharge Site Remediation Fund
ANJEC Lunch & Learn Webinar

July 11, 12:30-1:30pm
What is a Brownfield?

• A brownfield is defined as any “former or current commercial or industrial site that is currently vacant or underutilized and on which there has been, or there is suspected to have been, a discharge of a contaminant” (NJSA 58:10B-1).

• Sites where operations can not take place due to real or perceived contamination

• The **HDSRF** is a grant & loan program that supports brownfield redevelopment by funding assessment, investigation, and remediation of brownfield sites.
Brownfields in NJ

• Brownfields today are a reminder of NJ in the 19th century when we were a leader during the Industrial Revolution.

• Because of this industrial history, NJ has over 10,000 contaminated sites.

• Many of these contaminated sites are now vacant or underutilized due to the presence of known or suspected contamination.

• As these vacant sites became more prevalent, they became known as brownfields.
Brownfields in NJ

• NJ responded to this prevalence of brownfield sites.
• In 1983, ISRA was introduced (formerly ECRA), which was a regulatory process that facilitated the remediation of contaminated sites.
• In addition to this new law that would help clean-up brownfields, NJ sought to reduce the financial burdens that were imposed on entities that were obligated to remediate contaminated sites that they acquired.
• This assistance began in 1986 and eventually became the HDSRF in 1993, and our program has evolved and improved since that time.
Brownfields (cont.)

• Brownfield sites are difficult to redevelop
  • unattractive
  • dangerous
  • negative image

• The HDSRF helps assess/investigate/remediate properties like this so they can be redeveloped

BEFORE: Thomas Mundy Peterson Park, Perth Amboy/Middlesex County
AFTER: Thomas Mundy Peterson Park 2021
$8MM HDSRF
What is the HDSRF?

• Established in 1993
• Funded through a constitutionally-dedicated portion of the NJ Corporate Business Tax (annual allocation every summer)
• Administered through a partnership between the NJDEP’s Office of Brownfield & Community Revitalization (OBCR) and the NJ Economic Development Authority (NJEDA)
  • OBCR performs the initial technical review
  • NJEDA performs the final administrative/financial review
What is the HDSRF?

- is defined in the *Brownfield and Contaminated Site Remediation Act: N.J.S.A 58:10B-4*
  - August 2021 = most recent statutory change
    - Significant changes to public entity grant $ caps
- is defined in the *New Jersey Administrative Code: N.J.A.C. 19:31—8.1*
  - November 2021 = most recent regulation change
    - Many changes including guidelines for how a public entity can demonstrate commitment to redevelopment, and also timelines to spend assessment/investigation HDSRF funds
- The regulation follows the statute
Who is Eligible for Funding?

- Public Entities (Towns, Counties, Redevelopment Agencies)
  - very popular
  - largest variety of grants
  - 30% of the HDSRF is allocated for public entity assessment/investigation/remedial action

- Private Entities (Persons, Developers, RPs, etc.)

- Non-Profits (501(c)3)
Who is Eligible for Funding?

• Public Entities (Towns, Counties, Redevelopment Agencies)
  • NJSA 58:10B-4: HDSRF shall be dedicated for the provision of loans and grants to towns, counties, and redevelopment agencies that are authorized to exercise redevelopment powers pursuant to the Local Redevelopment & Housing Law (C.40A:12A-4)
How to Apply for HDSRF

• The HDSRF application can be found in the SRP Forms Library
How to Apply for HDSRF

• HDSRF application and attachments have historically been mailed to the Bureau of Case Assignment & Initial Notice (BCAIN).
  • Recently, HDSRF applications can now be submitted electronically at srp_submissions@dep.nj.gov.
  • Please send your applications directly to the e-mail above. BCAIN will make sure the application gets to the HDSRF Coordinator.
• When the **HDSRF** application is received by the HDSRF Coordinator, it gets placed on a list, and will be reviewed in the order it was received.
  • the statute dictates a review prioritization:
    • 1\textsuperscript{st} priority: imminent threat
    • 2\textsuperscript{nd} priority: BDA
    • 3\textsuperscript{rd} priority: planning area 1 & 2
    • 4\textsuperscript{th} priority: date received
OBCR Review

• Administrative review of the application
• Technical review of a Scope of Work & corresponding itemized Cost Estimate (proposed)
  • OBCR approves the scope of work as it relates to the costs
  • Priority is that public funds would be spent responsibly
OBCR Review

• **Cost Estimate:**
  • Itemize it! (break down into time and materials)
  • Don’t inflate your costs (we will know)
    • May cause application to be denied outright if costs are outrageous
  • OBCR can provide examples/templates/guidance for cost estimates
OBCR Review – Public Entities

• Municipal Resolution is required (very specific language required)
  • authorizes application* to the HDSRF
  • dictates that there is a commitment* that the property will be redeveloped within a 3-year period after completion of the remediation
  • other details (site control, site designation, intended end-use, etc.)
  • should not be more than 5 years old
  • site name consistency

• Redevelopment Plan
  • not always required, but we may ask about it as the site gets closer to RI or RA phase or if a significant amount of funds are being requested
  • helps to demonstrate commitment to redevelopment

* = statutorily required
OBCR Review – Public Entities

• Site Control (ownership type)
  • tax sale certificate
  • deed
  • foreclosure
  • voluntary conveyance for purpose of redevelopment
NJEDA Review

• OBCR e-mails EDA their recommendation for funding
• EDA will reach out to applicant for $500 review fee
• EDA will reach out to the applicant for a tax clearance form
• EDA reviews the recommendation
• If over $1.5MM goes to board approval (2\textsuperscript{nd} Wednesday/month)
• Close on grant
• Funds may be disbursed to the applicant during/after closing
Grants Available – Public Entities Assessment/Investigation Grant

• Preliminary Assessment = 100%
• Site Investigation = 100%
• Remedial Investigation = 100%
  • Funds are disbursed up-front to the applicant
  • OBCR expects a work product & invoices after the work is completed

NOTE: there is a $3MM cap per applicant per year (2021 statutory change)
Grants Available – Public Entities

Remedial Action Grants

• Remedial Action Grants are all Matching Grants
  • 25% - 75% based on end-use
  • To close on the grant, EDA needs to know how match will be paid (bond, EPA grant, developer contribution, etc.)
  • funds are disbursed after the work has been completed based on a review of invoices (as the work proceeds or at end of the project)
  • OBCR expects a work product after the remedial action is complete
Grants Available – Public Entities

Remedial Action Grants

• Remedial Action Grant Types (end-use specific):

  - BDA (designation) =75%
  - Renewable Energy* =75%
  - Recreation/Conservation* =75%
  - Affordable Housing* =50%
  - Unrestricted Use (soils)^ =25%

*=share a common pot of $10MM annually (2021 statutory change)
^=capped at $250,000 per project, available to private entities
HDSRF Loan

• Funds 100% of all phases of work (proposed only)
• Interest Rate is equal to 2 points below Federal Discount Rate for public entities and equal to the Federal Discount rate for all other applicants (never exceeds 5% for any applicant)
• It is rare that we see Public loan applications, but it is available
• Capped at $2MM per year
  • Would factor into annual public entity cap of $3MM
• Private Entities are eligible for $500K per year
Non-Profit Grant

• Pilot program with total $5MM in pot since 2005 (<$1MM remains)
• Funds 100% of assessment/investigation (same criteria as municipal public entity grant)
• Must meet criteria of 501(c)3
• Site Control documentation
• Resolution that demonstrates commitment to redevelopment (approved by Non-Profit board)
Updates/Changes to the HDSRF

• SRRA (2009) changed how cases were reviewed at DEP
  • Affirmative obligation for RPs to remediate
  • Establishment of LSRPs and mandatory timeframes
  • Establishment of Annual Remediation Fees
  • OBCR staff are no longer case managers
  • Spill Act Defense = majority of HDSRF applicants have this designation (form)
Spill Act Defense Status

• For Public Entities Only

• If a property has been acquired via bankruptcy, tax delinquency, abandonment, etc., OR if a property has been voluntarily acquired for the purpose of redevelopment, a public entity can gain this status

• Submit a form to the DEP to apply for the status

• Not all sites are eligible for this status, for example, a site where the public entity is an RP (ex-DPW, Landfill, etc.)

• You are not subject to mandatory timeframes

• You only pay the ARF during years that you are remediating
Updates/Changes to the HDSRF

• Assembly Bill A1954 signed into law by former Governor Chris Christie in January 2018
• A1954 made significant cuts to the HDSRF
  • Elimination of Innocent Party Grant
  • Elimination of Limited Restricted Matching Grant
  • Elimination of the Innovative Technology Grant
  • Reduced public entity and BDA caps
Updates/Changes to the HDSRF

• Assembly Bill A5841 signed into law by Governor Phil Murphy in August 2021
• A5841 made significant changes to the public entity grant and BDA grant caps
  • $3MM annually for public entities (up from $2MM)
  • $5MM annually for BDAs (up from $3MM)
  • $10MM annual pot for RA based on end-use (up from $2.5MM)
    • End uses include recreation/conservation, affordable housing, renewable energy
Conclusion

• The HDSRF is an active program.
• HDSRF Recommendations this CY ($6.7MM)
• The HDSRF is very well-funded (FY22 $49MM current balance), and we would love to have your application.
• We appreciate your patience as the Brownfields Office has very limited staffing at this time.

June 15, 2023 data
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<th>Rachel Stopper</th>
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Announcements

• OBCR will be opening up the BDA designation applications this year (Fall)
• Increased HDSRF annual cap ($5MM)
• BDA Manager = DEP contact
Thank you!
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