

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



The screenshot shows the NJDEP Site Remediation Program website. The left sidebar contains a 'Forms Library' link, which is circled in red. The main content area displays the 'Site Remediation Program' information, including a 'What's New!' section with updates on capping of volatile contaminants, public notification requirements, and historical applied pesticide site technical guidance.

Site Remediation Program

What's New!

- Updated "Capping of Volatile Contaminants for the Impact to Ground Water Pathway" guidance available
5 February 2019
- Public Notification Requirements Updated
21 December 2018
- December 12, 2018 CVP/SRAG Meeting
21 December 2018
- Updated Historically Applied Pesticide Site Technical Guidance now available
12 December 2018
- Correction to Technical Requirements for Site Remediation, N.J.A.C. 7:26E, Table 2-1, Footnote 3
5 December 2018
- "Non-compliant underground storage tank report" now available
5 December 2018
- Off-Site Source Ground Water Investigation Technical Guidance available
13 September 2018
- Updated Fee/Oversight Cost Guidance Document available (reflects August 6, 2018 amendments to the Administrative Requirements for the Remediation of Contaminated Sites)
4 September 2018
- Capping of Volatile Contaminants for the Impact to GW Pathway Guidance now available
30 August 2018
- Updated Ecological Evaluation Technical Guidance Document
28 August 2018



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.



OBCR Review

- 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:
 - 1st priority: imminent threat
 - 2nd priority: BDA
 - 3rd priority: planning area 1 & 2
 - 4th 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 (2nd 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



HDSRF Coordinators

UNASSIGNED	Charlotte Leon	Rachel Stopper
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Atlantic Camden Mercer Monmouth Ocean Salem Somerset	Bergen Cape May Cumberland Essex Hudson Hunterdon Passaic	Burlington Gloucester Middlesex Morris Sussex Union Warren

Announcements

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

Hazardous Discharge Site Remediation Fund (HDSRF)

Thank you!

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