Brownfields Redevelopment in the Highlands
NJEDA Programs

Maggie Peters
Senior Business Development Officer

May 14, 2019

2 The NJ Aspire program is a gap-based financing tool that will be run in competitive rounds twice a year

Key proposed program features

Program design

- **Annual program cap of $100M**,
- **Biannual, competitive award cycle** (e.g., twice a year the EDA will accept applications for residential and commercial projects, enabling the state to get **the best possible projects for our communities.**
- Awards **capped at financing gap up to 24% of project cost**
- **Supports real-estate goals around innovation economy**; targets downtowns near transit; aims to bring low- and moderate-income housing to suburban TOD and job-centric areas, and drive market-rate housing in distressed areas

Project assessment criteria

- **Economic feasibility**
- **Workforce and apprenticeship** programs connected to project
- Potential for **job creation** and economic development
- Benefit of project to the **community**
- Advancement of State, regional, and local development planning strategies
- Geographic diversity and extent of social distress of area

Bonus structure

- **Bonus structure aligns with Administration priorities** (e.g., located in a Qualified Incentive Tract, address a food desert, include health care facilities, is transit-oriented, in a tourism destination, support electric vehicles/convertible garages, supports incubators and collaborative workspaces)

3 ## The Brownfield tax credit program will replace current grant programs and pair with the proposed EDA brownfield loan programs

Key proposed program features

Program design

- **Annual cap:** $20 million
- **Project cap:** $4 million (40% of the actual remediation costs or 40% of the projected remediation costs, whichever is less)
- Tax Credit is **one-time tax credit** issued in the year of completion of remediation
- EDA will partner with DEP to create evaluation criteria for **two competitive application rounds a year**
- Must **demonstrate a project financing gap exists**
- **Program replaces state's grant-based brownfields remediation program** that relies on appropriations and tends to get used for large projects. Pairs with EDA's proposed expanded Brownfields Loan Program

Benefits to communities

- **Increased tax base**, creation of **new jobs**, utilization of existing infrastructure, protection of human health and the environment

Benefits to developers

- Will catalyze more remediation projects, including **smaller projects**, increase **job creation and economic development**, and provide for **better budget planning:**
  o Compensation for remediation of pollutants from **the interior and/or exterior of contaminated building** (ex. asbestos, PCBs, lead paint)
  o **Integrating the tax incentive into a project's financing strategy can enhance project cash flow**

3 ## The Brownfield Loan program will serve as a complement to the proposed NJEDA Brownfield tax credit program

Key proposed program features

Purpose	▪ The Brownfields Loan Program provides financing to potential brownfield site purchasers and current brownfield site owners that intend to develop commercial, retail, or mixed-use developments, expansions, or reuses.
Program design	▪ **Loans up to $5 million** to potential brownfield site purchasers and current brownfield site owners for costs associated with brownfields site remediation ▪ Loan proceeds can be used for eligible project development costs ▪ Two competitive application rounds a year 　　▪ Evaluation criteria developed in partnership with DEP
Benefits to communities	▪ Increased tax base ▪ New jobs ▪ Avoids sprawl by utilizing existing infrastructure ▪ Protects the environment and improves health outcomes
Benefits to developers	▪ Low-interest bridge financing that makes the remediation phase of a brownfields redevelopment project feasible. ▪ Interest rates may be further reduced depending on the proposed end-use of the redevelopment site.