

Thank you for joining us today.

The Brownfield Loan Program webinar will begin shortly.

This webinar is being recorded and will be posted on NJEDA's website.

All participants will be muted during the webinar.

Submit questions via Q & A to "All"



NJEDA Brownfield Loan Program

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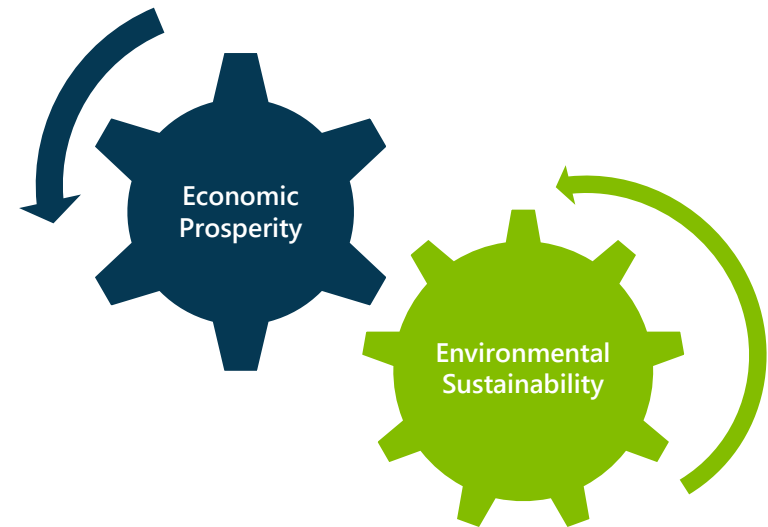
AGENDA

- 1 | Alignment with Governor's Plan and NJEDA's Mission
- 2 | Brownfield Loan Overview
- 3 | Terms and Conditions
- 4 | Eligible Activities
- 5 | Base Eligibility Requirements
- 6 | Scoring
- 7 | Rate Reductions
- 8 | How to Apply
- 9 | Q&A

NJEDA Brownfields & Sustainable Systems

Encouraging thriving and inclusive urban centers and downtowns with a focus on reducing poverty

- ▶ **What:** A Holistic approach to revitalizing contaminated sites to drive economic growth
- ▶ **Why:** Environmental sustainability and economic prosperity are interdependent and mutually reinforcing goals
- ▶ **How:** Provide additional investment resources, partner with sister agencies, and provide technical assistance to communities





Alignment with Governor's Economic Plan

Revitalizing Brownfields

Provides places for business growth and job creation

Restores and enhances the local tax base

Protects the state's environment and supports climate resiliency

Inclusive and equitable development strategies support other goals:

- Fostering a better, more supportive business climate
- Achieving faster median wage growth
- Closing the racial and gender wage and employment gaps
- Creating the most diverse innovation ecosystem in the nation
- Doubling venture capital investment in the state
- Encouraging thriving and inclusive New Jersey urban centers and downtowns, with a focus on reducing poverty



NJEDA's Expanded Brownfields and Sustainable Systems Work

https://www.njeda.com/financing_incentives/Community-Revitalization

► Internal & External Integration & Partnerships

- Environmental Justice
- Climate Resilience
- Community Collaborative Initiative
- Opportunity Zone Alignment
- Brownfield Assistance Center @ NJIT
www.njit.edu/njbrownfields

► NJEDA Brownfields Loan Program (January 14, 2021 – April 13, 2021)

- Brownfield Impact Fund supported by USEPA RLF (2021)
- EPA Assessment Grant (Submitted application)
- Brownfield Incentive (Tax Credit) (Under Development)



The **BROWNFIELD REDEVELOPMENT INCENTIVE** will pair with the NJEDA's portfolio of Brownfields products

Key program features

Program Design

- ▶ **Annual cap:** \$50 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
- ▶ NJEDA will partner with DEP to create evaluation criteria for **competitive application process**
- ▶ Must **demonstrate a project financing gap exists**
- ▶ **Program supplements** NJEDA's expanded portfolio of brownfield loan and HDSRF programs

Benefits to communities

- ▶ Protection of **human health and the environment**, **increased tax base**, creation of **new jobs**, utilization of existing infrastructure

Benefits to developers

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

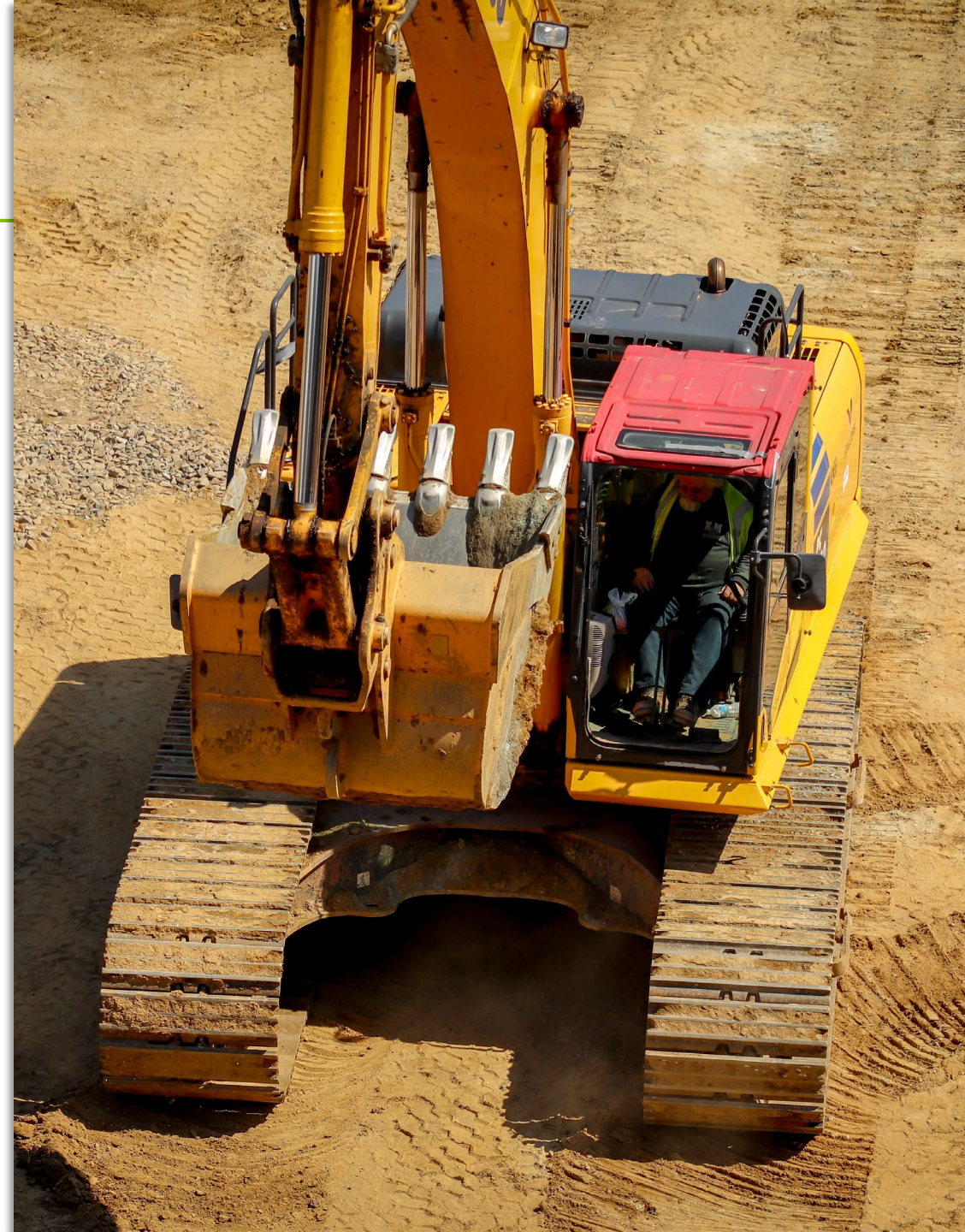


Brownfields Loan Program

The Brownfields Loan Program provides investment resources for remediation, abatement, and demolition activities in order to promote redevelopment of brownfields site(s) for commercial, retail, and mixed-use development or expansion.

Key Program Features

- ▶ Financing for demolition and asbestos or lead-based paint removal.
- ▶ 10-year terms with no payments for the first two years.
- ▶ Base rate of 3%, with rate reductions available if project meets specific criteria.





Brownfields Loan – Product Overview

- ▶ **New competitive** Brownfields Loan Program provides financing to potential brownfield site purchasers and current brownfield site owners (including local government redevelopers) who intend to develop commercial (including, but not limited to, manufacturing), retail, or mixed-use developments, expansions, or reuses.
- ▶ Total Funding Pool: \$15MM. Loan Amounts \$100K – \$5MM.
- ▶ Applications accepted from **January 14, 2021 through April 13, 2021.**
- ▶ Competitive application process
- ▶ Initial disbursement will be made upon commencement of the work. Additional disbursements will be made as projects components are completed, up to the 10% retainage.
- ▶ Email questions to BrownfieldsLoan@njeda.com by **March 25, 2021**. Questions and Answers will be posted on NJEDA website.





Brownfields Loan – Terms

- ▶ 10-year term.
- ▶ Principal and interest payments will be deferred for the first two years. Interest during this two-year period will accrue and be capitalized onto the principal balance of the loan.
- ▶ Interest only payments for years three and four.
- ▶ Followed by full amortization of the principal balance for the remaining term. Full amortization is based on principal and interest payments with no penalty for prepayment.
- ▶ Full repayment of the loan is due at the earlier of the end of the loan term or upon the applicant's closing of construction financing.
- ▶ Fees:
 - Application Fee: \$2,500 (Not Refundable)
 - Commitment Fee: 0.875% of loan amount
 - Closing Fee: 0.875% of loan amount





Brownfields Loan – Conditions

- ▶ **Lien on property**, subordinated to purchase mortgage, removed upon repayment.
- ▶ Upon closing, the applicant must record a **deed restriction** that requires for 10 years after completion of the remediation the redevelopment be consistent with the proposed end-use and factors considered at time of application for eligibility and interest rate reductions.
- ▶ **Retainage of 10 percent** of the total loan amount that will not be fully disbursed until official documentation evidencing completion of remediation is submitted.
- ▶ All **cost estimates should include a contingency of no less than 15 percent** of the total estimate for established remedial activities.
- ▶ Brownfields loans are subject to the Authority's **affirmative action requirements**. These requirements shall apply to both the remediation project and the redevelopment project and also includes subcontractors.
- ▶ Effective April 1, 2020, any and all construction contracts awarded in New Jersey that require payment of prevailing wage must provide **proof of valid Construction Contractor Registration Certification (CRC)** and **proof of participation if Registered Apprenticeship Program**, if employing craftworkers. Information regarding this act can be found: https://www.nj.gov/labor/wagehour/regperm/pw_cont_reg.html
- ▶ Applicant must provide **owner equity equal to a minimum of 10 percent** of the appraised value of the property in a remediated state.



Brownfields Loan – Eligible Activities

Brownfields Loan Program financing can be used for the following activities:

- ▶ Soil, groundwater, and infrastructure investigation
- ▶ Hazardous materials assessment and survey
- ▶ Site remediation
- ▶ Hazardous materials or waste disposal
- ▶ Building and structural issues, including:
 - Demolition, asbestos abatement, PCB removal, contaminate paint removal, and other infrastructure remedial activities
- ▶ Long-term groundwater monitoring or natural attenuation
- ▶ Engineering and institutional controls
- ▶ Planning, engineering and environmental consulting
 - PE, AHERA, lead consultant, CIH fees
- ▶ Attorney, accounting and financing fees*

**Soft costs cannot be more than 20% of loan amount*





Brownfields Loan – Eligibility

Base Eligibility Requirements:

- ▶ Site control or clear path to control
- ▶ Letter of support from Mayor or governing body
- ▶ Municipalities must secure Local Finance Board approval, if applicable
- ▶ Plan for redevelopment project including the proposed reuse
- ▶ Environmental Report by LSRP (or a report from qualified professional for structural remediation) demonstrating that the site is a brownfield
- ▶ Eligible costs cannot be duplicative of other approved State or Federal grants
- ▶ Remediated property must have value equal to or greater than 100 percent of all debt financing
- ▶ Applicant must provide equity equal to 10% of the appraised value of property (in remediated state)
- ▶ Applicant cannot have caused or contributed to the contamination
- ▶ Future use of the brownfield site will be commercial use or mixed use
- ▶ Must demonstrate the project is economically feasible AND **a funding gap exists**
- ▶ The application must meet a minimum score of 75. NJEDA will prioritize funding based on score



Brownfields Loan – Scoring

If an applicant passes the base eligibility review, **the application is then scored by an NJEDA evaluation committee. Total overall score will determine priority of funding evaluation.** The project will still need to pass an Underwriting Analysis.

The highest possible score for a project is 200. An application must have a **minimum score of 75** to be eligible for the loan. Scoring will be based on:

- ✓ Non-profit status
- ✓ Brownfield Site Location (Opportunity Zone, CCI, Top 50 Distressed MRI)
- ✓ Proximity to Public Transportation
- ✓ Consistency between Redevelopment Project and Municipal/County Redevelopment Plans
- ✓ Economic Benefits of the Project (Job Creation, Capital Investment, Projected Tax Revenues, Innovation Economy Industry)
- ✓ Need of Financing for Project Viability
- ✓ Public Health and Environmental Benefits
- ✓ Stakeholder Engagement Process

Brownfields Loan – Criteria

Criteria 1: Not-for-Profit

Factor	Max Points
Is the applicant a not-for-profit entity	5
Not for Profit Total	5

Criteria 2: Economic Distress

Factor	Max Points
Is the site located in a municipality ranked as one of the 50 most distressed municipalities per the NJDCA 2017 Municipal Revitalization Index	20
Is the site located in an eligible NJ Opportunity Zone	10
Is the site located in a municipality supported by NJDEP's Community Collaborative Initiative	5
Economic Distress Total	35

Brownfields Loan – Criteria

Criteria 3: Proximity to Public Transportation

Factor	Max Points
Is the brownfield site located in a Planning Area 1 (Metropolitan) and within a one-half mile radius, with bicycle and pedestrian connectivity, to the mid-point of a New Jersey Transit Corporation, Port Authority Transit Corporation, or Port Authority Trans-Hudson Corporation rail, bus, or ferry station, including all light rail stations, or a high frequency bus stop as certified by the New Jersey Transit Corporation.	10
Proximity to Public Transportation Total	10

Criteria 4: Consistency with Local Plans

Factor	Max Points
Is the local redevelopment plan from the host municipality consistent with this project?	5
Was a description of the zoning status provided, and is the site zoned for the proposed end use?	2
Does the site plan already have approval from the host municipality?	3
Consistency with Local Plans Total	10

Brownfields Loan – Criteria

Criteria 5: Economic Benefit

Factor	Max Points
Will the redevelopment of the project site result in an increase to the host municipality's tax base?	5
# of permanent full-time jobs expected to be created as a result of the redevelopment project	5
How significant is the estimated private investment that will occur as a result of the redevelopment of the project site?	5
Will the redevelopment of the project site grow the number of small businesses or attract employers to the municipality/region?	5
Does the redevelopment of the project site include a plan for hiring of local residents?	5
If the redevelopment of the project site includes a plan for hiring of local residents, does the plan incorporate workforce development opportunities for those residents?	5
Will the primary use of the redeveloped project site be related to an innovation economy industry such as information and high-tech, life sciences, clean energy, advanced manufacturing, advanced transportation and logistics, finance and insurance, and non-retail food and beverage?	5
Economic Benefit Total	35

Brownfields Loan – Criteria

Criteria 6: Project Viability & Need for Financing

Factor	Max Points
Level of experience and qualifications of the applicant, specifically demonstrated history of successful completion of projects of similar size/scope.	10
Presence and strength of strategic partners, specifically with demonstrated history of successful completion of projects of similar size/scope.	5
Presence and amount of other funding commitments available to support the project	5
Has the applicant demonstrated the Brownfields Loan is necessary to complete the project	5
Are any DEP or EPA enforcement actions currently present at the site?	5
Have all local, state and Federal approvals necessary to advance the project been received?	5
Has preliminary site assessment and site investigation already been completed or is preliminary site assessment and site investigation not necessary?	5
Are the public utilities required for the redevelopment project already available at the site?	5
Project Viability & Need for Financing Total	45

Brownfields Loan – Criteria

Criteria 7: Public Health & Environmental Benefits

Factor	Max Points
The length of time the brownfield site has been abandoned or underutilized as a result of the contamination that exists on the site.	5
Is there a direct relationship between the environmental contamination that exists on the site and the prior use of the site?	5
Is the project addressing an unmet neighborhood, municipal and/or regional need?	5
Does the redevelopment of the site include features that will promote or enhance walkability or bikeability?	5
Does the proposed project incorporate higher standards to address sea level rise, increased temperatures, changes in groundwater tables, increased rainfall intensity, or other climate impacts that may affect the performance of the site in the future?	5
Has the project demonstrated sustainable practices they will follow during the awarded phases of the project that could include incorporation of energy efficiency and or green energy?	5
Has the project demonstrated other public health and environmental benefits?	5
Public Health & Environmental Benefits Total	35

Brownfields Loan – Criteria

Criteria 8: Stakeholder Engagement Process

Factor	Max Points
Has the applicant identified stakeholders critical to the success of the project?	4
Has the applicant identified the roles that the stakeholders have in helping to achieve objectives?	4
Does the stakeholder plan include active stakeholders that represent local environmental justice interests	5
Has the applicant identified the communications channels that will be used to communicate with stakeholders?	2
Has the project been discussed at an open public meeting, or is the project on the agenda of an open public meeting at the time of this application?	5
Does the stakeholder process provide ample opportunity for meaningful engagement with the community (e.g. Has the stakeholder engagement process produced any feedback yet and has that feedback been incorporated into the project?)?	5
Stakeholder Engagement Process Total	25

TOTAL APPLICATION SCORE

MAXIMUM POSSIBLE POINTS	200
MINIMUM REQUIRED POINTS	75



Brownfields Loan – Rate Reductions

If the proposed end use of the remediation project includes any of the following, the 3% Brownfields Loan Program interest rate can be reduced. The interest rate will be reduced 20 basis points for each of the following criteria, to a minimum possible rate of 2%.

- ✓ Mixed-use project where 20-50% of units are affordable housing.
- ✓ Food delivery source in urban food desert community.
- ✓ Health care or health care services center at least 10,000 sq. ft. devoted to primary health care or health services that is located in an MRI community of 50 or lower.
- ✓ Tourism destination project.
- ✓ Electric vehicle charging stations installed in at least 25% of parking spaces at the project.
- ✓ Parking area capable of conversion to commercial space if demand for parking decreases.
- ✓ Includes incubator facility or collaborative workspace.
- ✓ Includes revitalization of historic structure.



Brownfields Loan – How to Apply

Application window:
January 14, 2021 – April 13, 2021

- ▶ Application and User's Guide available at: <https://www.njeda.com/bfloans>
- ▶ Prior to submitting an application for the Brownfield Redevelopment Loan Program, applicants email BrownfieldsLoan@njeda.com to be assigned a Brownfield Loan Officer.
- ▶ Non-refundable application fee
- ▶ Required Attachments and Recommended Attachments





Brownfields Loan – Required Information and Documentation

Required Information

- ▶ Brownfields Loan Certification
- ▶ Tax Clearance Certificate
[https://www16.state.nj.us/NJ PREMIER EBI Z/jsp/home.jsp](https://www16.state.nj.us/NJ_PREMIER_EBI_Z/jsp/home.jsp)
- ▶ Environmental Activity Summary
- ▶ Proof of site control (or path to site control)
- ▶ Support letter from Mayor
- ▶ Property appraisal within 3 months of application submission
- ▶ Commitments from lenders and list of other funding sources for project
- ▶ Timeline and construction schedules
- ▶ Copies of contracts with remediation professionals or contractors
- ▶ Supplemental Information to validate rate reductions
- ▶ Local Finance Board Approval, if applicable
- ▶ Signed Notice for Affirmative Action and Prevailing Wage



Brownfields Loan – Documentation for Scoring

Criteria 1: Is the applicant a not for profit?

- ✓ Proof of nonprofit status (if applicable)

Criteria 4: Consistency Between Project and Local Redevelopment Plans:

- ✓ Copies of host municipality land use and/or redevelopment plans
- ✓ Site plan approval from the host municipality (if applicable)

Criteria 5: Economic Benefits

- ✓ Market and/or feasibility study on project or other information to demonstrate economic impact
- ✓ Plan for local hiring and workforce development

Criteria 6: Project Viability & Need for Financing:

- ✓ Copies of any and all local, state and Federal approvals necessary
- ✓ Overview of applicant's experience and background on any partners
- ✓ History of successful completed projects of similar size/scope

Criteria 7: Public Health & Environmental Benefits

- ✓ Letter from architect outlining energy efficiency and/or green building standards
- ✓ Narrative summary of site contamination history

Criteria 8: Stakeholder Engagement

- ✓ Stakeholder engagement plan
- ✓ Copies of minutes from public meetings



Brownfields Loan – Information for Financial Analysis

Applications that meet the minimum project score of 75, for which funding is available to satisfy the loan request in full, will advance to the NJEDA's Underwriting Department. The Underwriter assigned to the project may request additional information beyond what is needed for the application.

Information required for Underwriting:

- ✓ Historical Financial Statements for three most recent fiscal year ends or complete business tax returns for the most recent three years.
- ✓ A copy of most recent tax returns and personal financial statement for all owners of applicant company with 10 percent or greater stake.
- ✓ Summary of type of organization, history and ownership structure, with an Organizational Chart.
- ✓ Subscription Agreements for all partners or members for investment funds contributing equity to the Project.
- ✓ Three years of projections, including the balance sheets, operating statements, reconciliation of the source and application of funds, and a detailing of the assumptions used in preparing the projections.
- ✓ History of successful completed projects of similar size/scope and list of current projects and status.
- ✓ Schedule of portfolio assets.

Brownfields Loan Certification (see website for official certification)

1. Has not discharged any hazardous substance, hazardous waste, or pollutant at the site
2. Has not been in any way responsible, pursuant to any law, for any contaminant at or emanating from the site, or contamination that has emanated from the site, other than by acquiring ownership of the site, if applicable, after all of the discharges occurred at the site
3. Has not aggravated or contributed to the contamination
4. Is not affiliated with any party related to #1-3 above.
5. Has not indemnified any party, or affiliate related to the activities described in #1-3 above.

Environmental Activity Summary (see website for more detail)

1. Attach copies of environmental reports
2. Environmental contamination history or basis for suspected contamination:
 - How and when the site became contaminated;
 - Whether a prior use of the site is related to the suspected contamination; and
 - If the environmental concerns are unknown the basis for the suspected contamination.
3. Briefly describe the investigative and remedial work that have been performed previously at the site.
4. Narrative Summary of the Remediation and Proposed Redevelopment Project
5. Map(s) showing all areas of concern, sample locations (existing and proposed) and remedial actions.
6. Provide detailed and itemized third-party cost estimates that includes all eligible costs associated with this Brownfield Loan. (signed by LSRP or other appropriate licensed professional).
 - Itemized costs
 - Include a 15% contingency
 - Show detail, assumptions, and calculations
 - Prevailing Wage applies
7. Provide a table of activities and estimated milestone dates



Brownfields Loan – Process after Application Submission

- ▶ Application Submission
- ▶ Baseline Eligibility Review
- ▶ Scoring
- ▶ Board Notification
- ▶ Underwriting
- ▶ Board Approval / Declinations / Waitlist
- ▶ Closing (Lien, Deed Restriction)
- ▶ Disbursements, Project Monitoring, 10% Retainage
- ▶ Repayments
- ▶ Loan Close Out (removal of lien)



Looking Forward

**Environmental
Justice**

Climate Resilience

**Language Access &
Community
Engagement**

**Brownfield
Incentive (tax
credit)**

**Brownfield Impact
Fund (USEPA RLF)**



Q & A

Q&A Session – We will accept questions from the audience now.

This is a competitive loan program and therefore NJEDA will be limited in the type of support that can be offered during a competitive round. The NJEDA cannot provide specialized assistance to any specific applicant.

The Authority will electronically accept written questions and inquiries from all potential applicants, via the web at brownfieldsloan@njeda.com by Thursday, March 25, 2021, at 5:00 pm. The subject of the email should read “**Question – Brownfields Loan Program**”. **Phone calls/faxes shall not be accepted.**

An applicant must not contact an Authority staff/board member directly, in person, by telephone or by e-mail, concerning this application.

All Questions received and Answers given in response to this Brownfields Loan Program will be answered in the form of a “Questions & Answers” document. It is the applicant’s responsibility to continue to check the EDA’s website (www.njeda.com/Brownfields) page for any updated Questions and Answers that are posted.



Visit ***NJEDA.com*** for more information.



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