

NJEDA Programs to Support Brownfields

Brownfields Redevelopment Incentive Program

Aspire

Historic Preservation

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REVITALIZING NEW JERSEY'S BROWNFIELDS

AN NJEDA INITIATIVE

Brownfields Redevelopment Incentive Program



Provides tax credits to incentivize **brownfields remediation** (only funds remediation, not vertical construction). **Award Size: 50-60%** of eligible remediation costs capped at **\$4-8MM**



Competitive program that provides incentives on all phases of brownfields redevelopment **from investigation through remediation**



Also includes **demolition, asbestos abatement**, contaminated paint and wood removal, waste disposal, and infrastructure remediation



Allows for the **redevelopment** project to be a **remediation-only** project.



Can not be in any way **liable or responsible** for discharge/ Haz Sub or cleanup costs. **Do not need to own site.**



Potential to **stack** with other funding **programs**, including **Aspire** and **Historic**.



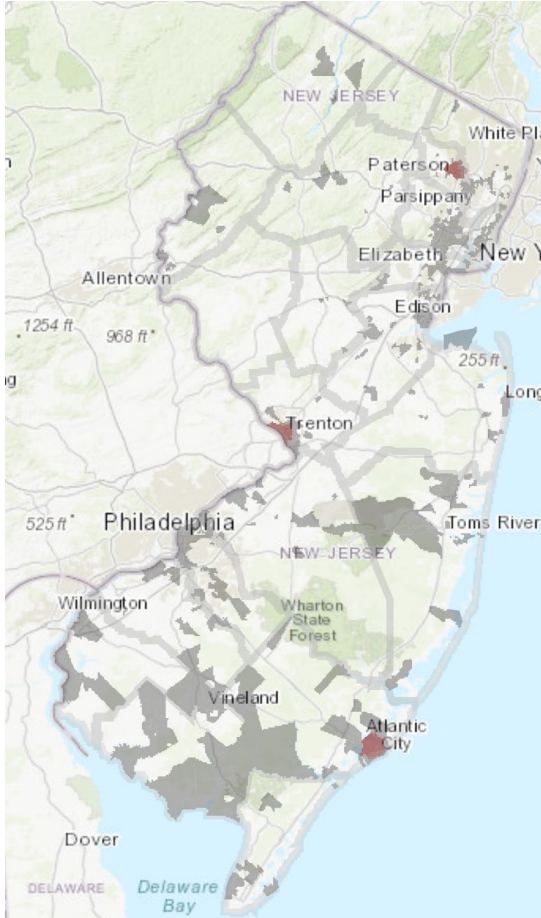
One time tax credit – issued in the year remediation is certified complete. Tax credits are **transferable (can be sold)** floor of **75 to 85 percent** of their value.



Eligibility Wizard <https://www.njeda.com/bri-eligibility-assesment-tool/>

Award Size

TAX CREDITS



50% up to \$4MM

Redevelopment projects **NOT** located within a qualified incentive tract or a government-restricted municipality:

- **50 percent** of eligible remediation costs up to a maximum of **\$4 million**
- **Equity contribution** is **20%** of remediation costs

60% up to \$8MM

Redevelopment projects located within a **qualified incentive tract** or a **government-restricted municipality (Atlantic City, Paterson, Trenton)**

- **60 percent** of the cost of eligible remediation up to a maximum of **\$8 million**,
- **Equity contribution** is **10%** of remediation costs.

Check out the [Mapping Tool](#) on our website

Eligible Activities

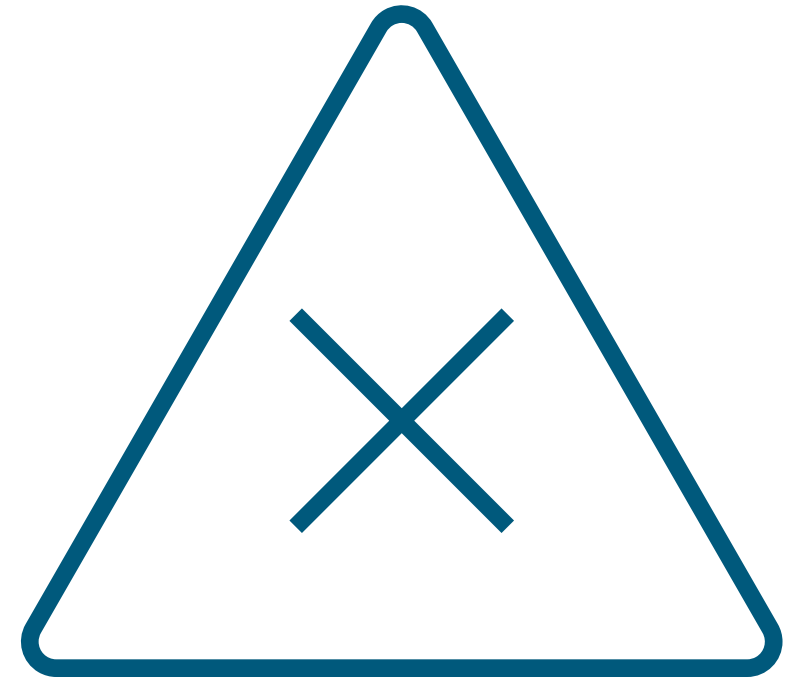
- ▶ Soil and groundwater investigation
- ▶ Site remediation
- ▶ Hazardous materials assessment and survey
- ▶ Hazardous materials or waste disposal
- ▶ Prior environmental assessments and investigations within 24 months of application submission
- ▶ Building and structural issues, including:
 - **Demolition**
 - **Asbestos abatement**
 - PCB removal
 - Contaminated wood or paint removal
 - Other infrastructure remedial activities
- ▶ Planning activities that are directly brownfield related, such as conceptual reuse designs, Remedial Action Workplans



Ineligible Activities

▶ Non-remediation construction

- ▶ This program does not pay for vertical construction which are not part of the remediation
- ▶ Property acquisition
- ▶ Financing fees
- ▶ Legal fees
- ▶ Incentive consultant fees (however, environmental consultant fees are eligible)
- ▶ NJEDA fees
- ▶ Remediation (Clean up) costs prior to application
- ▶ Prior environmental studies and surveys incurred more than 24 months from submission of application)



Project Financing



Eligibility Criteria

- Not economically feasible without tax credit
- Project financing gap exists
- Applicant equity contribution

Application Requirements

- Project cost estimate / DEP will review for cost reasonableness
- Appraisal
- Project Pro Forma
- Sources and Uses – Documentation of ALL Sources
- Market/feasibility study (for non remediation-only projects)

Ideal Project for the Brownfields Redevelopment Incentive Program



REVITALIZING NEW JERSEY'S BROWNFIELDS
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- ▶ Larger scale remediation and/or demolition
- ▶ **NOT** an owner of the site, unless it is owned by a public entity (due to the ownership liabilities under the NJ Spill Act) - some exemptions apply
 - ▶ Solutions: Lease the site; structure the deal so to delay closing on the site until approved by EDA and redevelopment agreement is executed. Discuss w/ your attorney
- ▶ Well defined areas of concern in order to propose remediation costs that are reasonable and appropriate since the tax credit cap cannot be increased after award
- ▶ Use of prevailing wage
- ▶ Project Financing Gap

Next Steps for Brownfields Redevelopment Incentive Program



- ▶ Eligibility Wizard <<https://www.njeda.com/bri-eligibility-assesment-tool/>>
- ▶ Mapping Tool
<<https://njeda.maps.arcgis.com/apps/webappviewer/index.html?id=26a4447d1d7f4d4293a33e8832d9aca5>>
- ▶ Get ahead of it – **talk to DEP now** edataxinc@dep.nj.gov about project costs / cost reasonableness / liability for contamination
- ▶ Join the BRIP mailing list and send follow-up questions to us at BFtaxcredit@njeda.gov
- ▶ Well funded program!

What is the Aspire Program?

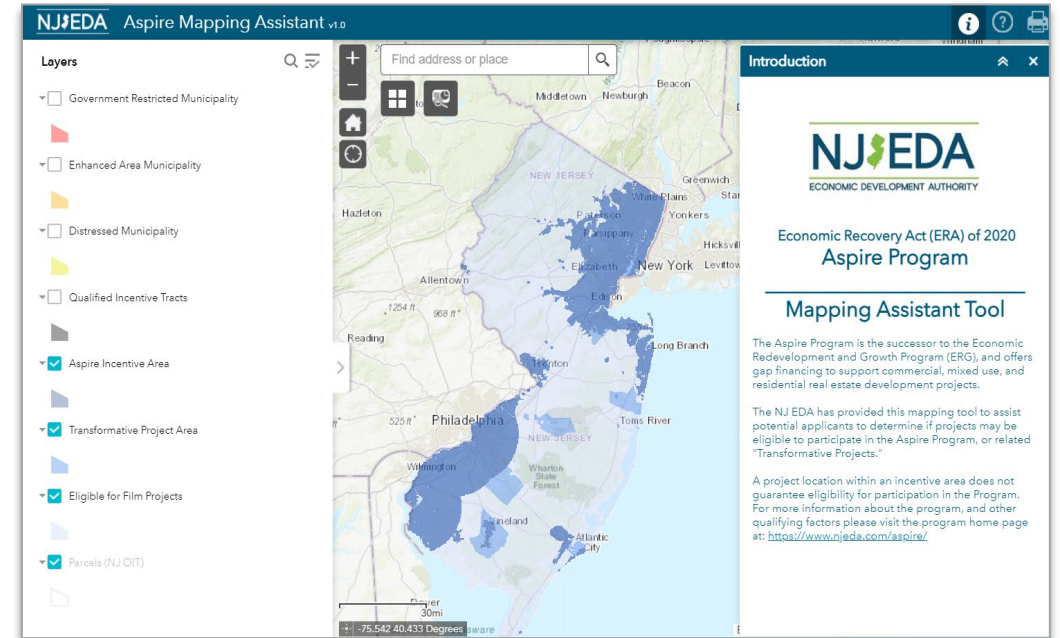
- Established under the **Economic Recovery Act of 2020 (ERA)**; New Bill signed July 2023 – **updated rules**
- Provides a 10-year tax credit to incentivize **strategic real estate projects** in New Jersey
- Supports **commercial and residential** growth, new construction AND rehab
- Projects must **demonstrate a project financing gap**
- To date (Nov 2023): awarded more than \$550 MM in credits, representing over 500,000 SF of commercial space, 490 affordable units, and 1,040 market-rate units
- Promotes inclusive economic development:
 - Highest awards for communities with greatest need
 - Promoting critical mass
 - Preservation and creation of affordable housing
 - New incentive for stand-alone health care centers
 - Requirement of a Community Benefits Agreement (CBA)

Eligibility for Aspire

GEOGRAPHY

Projects must be located in an Incentive Area:

- ▶ Planning Area 1
- ▶ Aviation District
- ▶ Port District
- ▶ Planning Area 2 (Suburban) or Designated Center, provided either within a half mile of a rail transit station or a high frequency bus stop
- New ▶ BDA over 100 acres with certified remediation costs by an LSRP of >\$10MM



<https://njeda.maps.arcgis.com/apps/webappviewer/index.html?id=b32ea4347e6a4403a36859e6e6e5c0a>



Transformative projects can also qualify if located in a GRM, Enhanced Area, or Distressed Municipality

Film projects may be located anywhere

Eligibility for Aspire

PROJECT SIZE



Residential projects

must have costs totaling at least:

- **\$5 million** in a QIT or GRM
- **\$10 million** in any other community with a population of less than 200,000
- **\$17.5 million** in any other Incentive Area (i.e. Newark or Jersey City)



Any project with residential units must set aside at least 20%



Commercial projects

must be at least **50,000** square feet, or **25,000** square if located in a GRM

The minimum size for a standalone health care facility or center is 10,000 square feet if located in certain areas.

Eligibility for Aspire

PROJECT CAPS

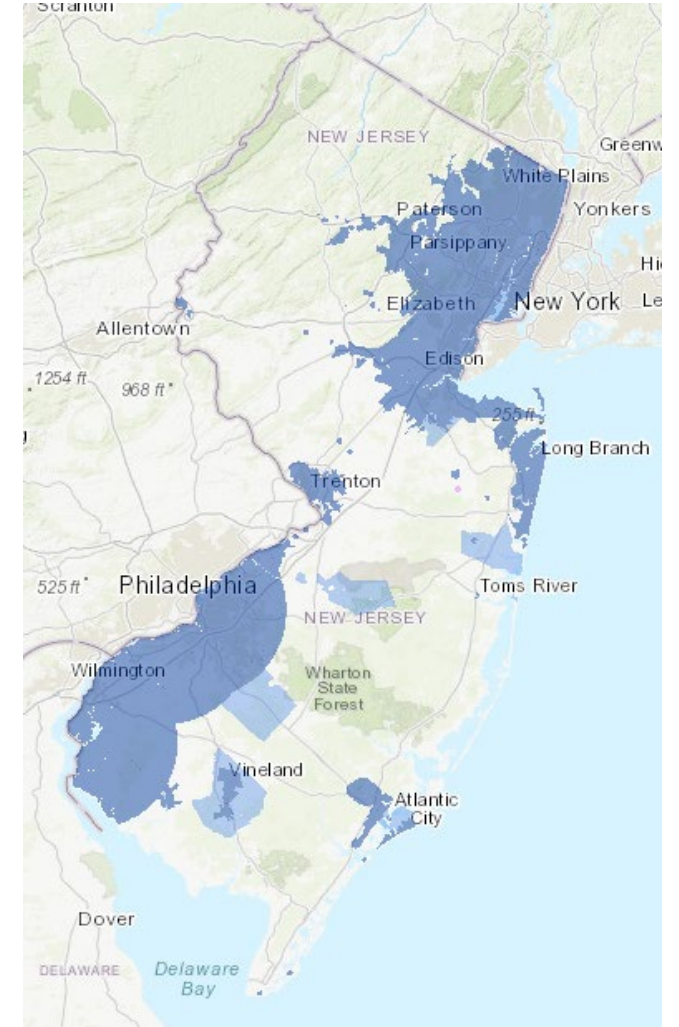
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Per Project Caps

- ▶ **80% of eligible costs up to \$120 million** for Atlantic City, Trenton, Paterson (GRM)
- ▶ **60% of eligible costs up to \$90 million** for 4% LIHTC project or projects in a qualified incentive tract, municipality with an MRI score over 50, or enhanced area
- ▶ **50% of eligible costs up to \$60 million** for all other eligible projects
- ▶ **Transformative** caps are the same percentages but up to **\$400 million**

Credits are disbursed over 10 years

Enhanced area includes: Jersey City, Newark, Elizabeth, East Orange, Passaic, New Brunswick, Camden, Paulsboro, Salem



Stacking with Aspire

- ▶ Maximum 80% award w/ stacking of all NJEDA programs combined (90% if LIHTC)
- ▶ Aspire includes environmental remediation costs, but Aspire also has a cap on soft costs – BRIP does not
- ▶ Aspire is a rolling application with a separate application fee
- ▶ You should have a clear path before applying
 - ▶ Vet your project and speak with the Aspire team at aspire@njeda.com
 - ▶ Applications should not have conflicting information between the 2 programs



HISTORIC PROPERTY REINVESTMENT PROGRAM

- ▶ Applications for this round opened 11/29; **deadline to apply is 2/29/24**
- ▶ Established under the **Economic Recovery Act of 2020 (ERA)**
- ▶ Provides tax credits to incentivize **rehabilitation of historic buildings** in New Jersey
- ▶ Can work in conjunction with **Federal Historic Tax Credit Program**
- ▶ **\$300 Million over the life of the program** (\$50 million annual cap)
- ▶ Awards **40 - 45 Percent of Rehabilitation Costs**
- ▶ Applications are due by a preestablished **deadline** and awards are based on **competitive scoring**
- ▶ Applicants can choose a construction duration of **24 months for single-phase projects** or **60 months for multi-phase projects**

For more information,
scan the code to visit our
website



or email us at
HistoricTaxCredit@njeda.gov

Main Program Requirements



Property must be identified as historic (National or NJ Register, Pinelands Commission, or Certified Local Governments)



Property must be income producing at project completion



Without tax credit, rehabilitation project is not economically feasible



Project financing gap exists



Visit njeda.gov or email
bftaxcredit@njeda.gov
for more information



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