



NJ Economic Development Authority

Brownfields Loan Program

User's Guide

About the User's Guide

The purpose of the Brownfields Loan Program User's Guide is to provide step-by-step guidance for applicants as they navigate the program.

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BROWNFIELDS LOAN PROGRAM OVERVIEW

The NJ Economic Development Authority (NJEDA) Brownfields Loan Program provides financing to potential brownfields site purchasers and current brownfields site owners (including local government redevelopers) who intend to develop commercial (including, but not limited, to manufacturing), retail, mixed-use developments, expansions or reuses.

Projects seeking financing will be required to submit an application during competitive application rounds that will be established by NJEDA. Applications received during a competitive application round that meet the base eligibility requirements detailed below will be further reviewed and scored by NJEDA across publicly available scoring criteria.

HOW TO NAVIGATE THIS USER'S GUIDE

The framework of this User's Guide is comprised of several sections, each with a heading denoting the topic of that section (such as "Before You Apply, Learn More"). Each of the main sections contains a series of subsections containing more specific information pertaining to the main topic (such as "Am I eligible", and "Are my site and project eligible" are contained under the main heading of "Before You Apply, Learn More"). This User's Guide is structured in such a way so that the user can jump to the section of interest by clicking on the button for a particular section, and then drilling down into each of the topic's subsections. While it is recommended that the potential applicant read the User's Guide in its entirety before applying, this format allows the applicant to go back and review specific sections easily as you navigate the application process.

BEFORE YOU APPLY

ABOUT THE LOAN

**APPLYING FOR THE
LOAN**

BEFORE YOU APPLY

Prior to submitting an application for the Brownfield Loan Program, applicants must contact the EDA's Brownfields and Sustainable System Program in order to be assigned a Program Officer: BrownfieldsLoan@njeda.com. Further, please ensure that you review the "Application Checklist" of required information, which will enable NJEDA to determine if the project is eligible for the Brownfields Loan.

For specific information on eligibility, please visit the EDA's website:

<https://www.njeda.com/bfloans>

AM I ELIGIBLE?

ARE MY SITE AND
PROJECT ELIGIBLE?

WHAT CAN I USE
THE LOAN FOR?

Am I Eligible?

- ❖ Potential brownfield site purchasers and current brownfield site owners (including local government redevelopers) that intend to develop commercial (including but not limited to manufacturing), retail, mixed-use developments, expansions or reuses are eligible applicants.
- ❖ Parties responsible for contamination of brownfield site or related to party responsible for contamination of brownfield site are not eligible for financing nor may an applicant have indemnified a responsible party or a party related to a responsible party.
- ❖ Applicants must be able to demonstrate site control or a path to site control.
- ❖ Applications must be accompanied by a letter of support from the mayor of the municipality in which the brownfield site is located (or the governing body if the position of mayor does not exist)
- ❖ Municipalities applying for a Brownfields loan require Local Finance Board approval.
- ❖ Applicant must provide owner equity* equal to a minimum of 10% of the appraised value of the property in a remediated state. * *Equity includes cash, development fees, costs for remediation and redevelopment project feasibility incurred within the 12 months prior to application, property value less any mortgages or liens, and the portion of the developer's fee that is delayed for a minimum of five years, and any other investment by the developer in the remediation or redevelopment project deemed acceptable by the Authority. Federal, state and local grant and federal and state tax credits are not considered equity.*

Are my site and project eligible?

A site is eligible if it is a 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.
- ❖ There is a structure upon which abatement or removal of asbestos, polychlorinated biphenyls, contaminated wood or paint, and other structural remedial activities is necessary.
- ❖ Any site as described above that has been remediated for industrial use but requires further remediation for mixed-use residential redevelopment.
- ❖ Project must be economically feasible, meaning there is enough cash flow to repay debt financing, including the brownfields loan, and demonstrate a funding gap or that other financing is not currently available.
- ❖ Project must have a plan for reuse of the remediated site.
- ❖ The property, in a remediated condition, must have an appraised value equal to or greater than 100 percent of all debt financing, including the requested Brownfields loan amount or applicant must demonstrate other sources of collateral.
- ❖ Applicant must provide a report prepared by a Licensed Site Remediation Professional (LSRP) or other qualified professional detailing that the site is a brownfield site that is known or suspected to have environmental contamination.
- ❖ Projects previously approved under Brownfields and Contaminated Site Remediation Reimbursement Program are not eligible. Projects previously approved under HDSRF cannot use Brownfields Loan for the same uses as the HDSRF funding.
- ❖ Project must have the support of the local government (as evidenced by a Letter of support from Mayor or governing body if Mayor does not exist).

What can I use the loan for?

Costs associated with the investigation, assessment, and remediation of a brownfield, including but not limited to:

- ❖ Soil, Groundwater and Infrastructure Investigation
- ❖ Hazardous Materials Assessment/Survey
- ❖ Remediation
- ❖ Hazardous Materials or Waste Disposal

- ❖ Building and structural issues (including Demolition, Asbestos Abatement, PCB Removal, Contaminated Wood or Paint Removal, and other Infrastructure Remedial Activities)
- ❖ Long-term Groundwater Monitoring or Natural Attenuation
- ❖ Engineering and Institutional Controls
- ❖ Attorney, Accounting and Financing Fees*
- ❖ Planning, Engineering and Environmental Consulting, PE, AHERA, Lead Consultant, CIH Fees

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

Note: Loan funds cannot be used to duplicate costs covered by any other State or Federal grants. (i.e. environmental studies and reports that are eligible under HDSRF)

ABOUT THE LOAN

Fees:

Application Fee: \$2,500

Commitment Fee: 0.875% of loan amount

Closing Fee: 0.875% of loan amount

Available Loan Amounts: The total funding pool is \$15 million.

- ❖ Maximum loan amount: \$5,000,000
- ❖ Minimum loan amount: \$100,000

Term: 10-year

Payments: The 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. Then, 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.

Interest Rate and Reductions*: Base interest rate is 3%, but that rate can be reduced 20 basis points per applicable criteria, to a floor of 2% if the proposed redevelopment project design includes any of the following.

- ❖ Mixed-use residential project consisting of newly-constructed residential units where the developer will reserve at least 20%, but not more than 50%, of the residential units

constructed for occupancy by low- and moderate-income households with affordability controls as required under the rules of the Council on Affordable Housing.

- ❖ The project is in an urban food desert community and the redevelopment project includes a food delivery source. “Food delivery source” means access to nutritious foods, such as fresh fruits and vegetables, through grocery operators, including, but not limited to a full-service supermarket or grocery store, and other healthy food retailers of at least 10,000 square feet, including, but not limited to, a prepared food establishment selling primarily nutritious ready-to-serve meals.
- ❖ A health care or health services center with a minimum of 10,000 square feet of space devoted to primary health care or health services and is located in a distressed municipality with a Municipal Revitalization Index score of 50 or lower.
- ❖ The project qualifies as a tourism destination project, which means a non-gaming business facility that will be among the most visited privately owned or operated tourism or recreation sites in the State, and which has been determined by the Authority to be in an area appropriate for development and in need of economic development incentive assistance, including a non-gaming business within an established tourism district with a significant impact on the economic viability of that district.
- ❖ The project includes an electric vehicle charging station installation in at least 25 percent of the parking spaces located at the redevelopment project
- ❖ The project demonstrates that the parking area at the redevelopment project is capable of conversion to commercial space if there a decrease in demand for parking
- ❖ The project includes development of an incubator facility or collaborative workspaces.
- ❖ Project includes the revitalization of historic sites and structures, defined as an income-producing structure or a site associated with the history of New Jersey that is on the State or National Register of Historic Places or is eligible for placement on the State or national register.

** NOTE: A deed restriction for 10 years after completion of the remediation will be placed on the project requiring the redevelopment to be consistent with the proposed end-use and factors considered at time of application for eligibility and interest rate reductions.*

Lien/Collateral: Lien on property, subordinated to purchase mortgage, removed upon repayment.

APPLYING FOR THE LOAN

Prior to submitting an application for the Brownfield Redevelopment Loan Program, applicants must contact the EDA's Brownfields and Sustainable System Program in order to be assigned a Program Officer: BrownfieldsLoan@njeda.com.

WHAT IS THE
APPLICATION
PROCESS?

IMPORTANT
REMINDERS
REGARDING THE
APPLICATION

APPLICATION
CHECKLIST

What is the application process?

Application Deadline:

Applications for the Brownfields Loan Program must be received by the NJEDA no later than **Tuesday, April 13, 2021**. Late applications will not be considered.

It is highly recommended that you initiate the submittal of your application and supplemental information a minimum of four (4) hours prior to the application due date/time.

The application must be completed online. [Click here](#) for the application.

What is the application review and approval process?

Step 1: Completeness Review

Upon receiving the application, the NJEDA will ensure that all questions in the online application have been completed, and that any required information as outlined in **Application Checklist Part 1 – Required Information** has been provided (see “How do I complete the application” in this User’s Guide for Required Attachments). If any information is not included or not complete, the NJEDA will contact the applicant to advise which information is missing. The applicant will have a grace period of five (5) business days from the date of notification from the NJEDA to provide the missing information, otherwise the application will be deemed incomplete. The applicant will be notified of their rejection by way of an email.

Step 2: Project Scoring

Should the application be deemed to be complete, the project will then proceed to be scored against the criteria that was approved by the NJEDA Board. (See “Application Checklist – Part 2” section in this User’s Guide for the criteria.)

The NJEDA’s Scoring Committee will evaluate all application materials to determine the application’s score. Documents, as listed under **Application Checklist Part 2 – Scoring Criteria Information**, are not mandatory, however applicants are strongly encouraged to provide them. These documents may support some of the scoring criterion.

Please note that the documents submitted under “Application Checklist Part 2 – Scoring Criteria Information” must be submitted on or before the application deadline of April 13, 2021. Documents that are submitted after the application deadline will not be considered.

Step 3: Recommendation on Projects to Proceed to Underwriting for Financial Analysis

Once all applications have been scored, NJEDA staff will make a recommendation to the Board on which loan applications should be declined for not achieving the minimum requisite score of 75 (out of a possible 200). Applications that are declined by the NJEDA Board will receive a notice of declination.

If the total loan amount requested by recommended applicants exceeds total funding for this Program, then only those applicants with the highest scores will be prioritized for funding and advance to financial analysis. Applicants with lower scores will be assigned to a wait list ranked in order of their overall score. Wait list applicants will be considered only if higher scoring applicants are declined or deemed incomplete during the financial analysis review.

Step 4: Financial Analysis

Applications that meet the minimum score, and for which funding is available to satisfy the loan request in full, will advance to the NJEDA’s Underwriting Department for a financial analysis. An Underwriter will be assigned to the project and will request the information as listed in **Application Checklist Part 3 – Information for Financial Analysis** (see “What information will I need to supply for Financial Analysis?” section of this User’s Guide for further instructions).

Applicants are encouraged to provide as much of this information as possible at time of initial application so that the Authority already has this information for the financial analysis. However, if any information is missing or any additional information is needed, the Underwriting Officer will notify the applicant, who will have **five (5) business days** to provide the information, or otherwise the application will be deemed incomplete and rejected.

Should the project be determined to not be feasible based upon the NJEDA's financial analysis, NJEDA staff will prepare a recommendation to the Board that the application be declined. Any applications that are declined by the NJEDA Board will receive a notice of declination.

Step 5: Recommendation for Board Approval

Should a project satisfactorily complete the financial analysis through Underwriting, the project will proceed for recommendation to the NJEDA Board for approval.

Appeals Process

An applicant has a right to appeal the declination of its Brownfields Loan application. The appeals process will be conducted pursuant to the Authority's policy governing appeals.

Important Reminders Regarding the Application

Applications for the Brownfields Loan Program must be received by the NJEDA no later than **Tuesday, April 13, 2021**. Any application received after that date will not be considered.

Prior to beginning the application, please ensure that you review the "Application Checklist", which will enable you to determine if your project is eligible for the Brownfields Loan.

The application must be completed online. [Click here](#) for the application.

WHAT IF I HAVE QUESTIONS ABOUT THE APPLICATION OR LOAN PROGRAM?

Q & A: NJEDA will accept written questions from potential applicants via email only at brownfieldsloan@njeda.com. All questions must be submitted **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. All questions and answers will be posted on the NJEDA website for all applicants to view.



Brownfields Loan Program

Application Checklist

<u>Part 1: Required Information</u> The following information is required attachments for the NJEDA to determine if the project is eligible for the Brownfields Loan.	
Information	Is this included?
1. Brownfields Loan Certification (signed by authorized representative)	
2. Current tax clearance certificate printed in NJ Economic Development Authority's name (Note: This will remain valid for only 6 months). Tax Clearance Certificates can be obtained by visiting the State of New Jersey's Premier Business Services (PBS) portal online at https://www16.state.nj.us/NJ_PREMIER_EBIZ/jsp/home.jsp	
3. Environmental Activity Summary w/ any necessary information attached.	
4. Information reflecting site control or path to site control that includes one of the following: <ul style="list-style-type: none"> • An executed letter of intent signed by both the applicant and the current site owner. • Copy of the purchase contract for the proposed site as well as any financing agreements associated with the purchase. • If property is owned by applicant, submit copy of deed. 	
5. Property Appraisal , dated within three months of application submittal, showing property value at time of application, as well as value of property in remediated state.	
6. Term Sheets or Commitments from any lenders or list of other sources of funding to the project, including any other federal, state or local grants (if applicable). Information from lenders should reflect why the full project cost cannot be provided (thus demonstrating a funding gap that the NJEDA Brownfields Loan would fill)	
7. Timeline & Construction Schedules for both the remediation phase of the project, and the proposed redevelopment phase following completion of remediation.	
8. Copy of any contracts between applicant and remediation professionals or contractors undertaking the remediation.	
9. Any supplemental information the applicant may have that validates that the project includes any of the features for which the applicant is applying for a reduced interest rate .	
10. Support Letter from the Mayor (or governing body if position of mayor does not exist) supporting the project and its application to the EDA.	
11. If the applicant is a public entity, documentation demonstrating Local Finance Board approval , if applicable.	
12. Completed Notice Regarding Affirmative Action/Prevailing Wage .	

Part 2: Scoring Criteria Information

The NJEDA's Scoring Committee will evaluate all application materials to determine the application's score. Documents, as listed under "Application Checklist Part 2 – Scoring Criteria Information, are not mandatory, however applicants are strongly encouraged to provide them. The documents listed below may support some of the scoring criterion.

Please note that the documents submitted under "Application Checklist Part 2 – Scoring Criteria Information" must be submitted on or before the application deadline of April 13, 2021. Documents that are submitted after the application deadline will not be considered.

Example of Criteria 1: Is the applicant a not for profit?

Documentation validating the status of the applicant as a not-for-profit organization.

Examples of Criteria 4: Consistency Between Project and Local Redevelopment Plans:

Links to or copies of any applicable existing land use and redevelopment plans for the host municipality (and County if applicable).

Site plan approval from the host municipality (if applicable).

Examples of Criteria 5: Economic Benefits

Market and/or Feasibility Study performed the project site, preferably by an independent party, that validates any projected economic benefits for the proposed end use of the site, (i.e. job creation, capital investment or projected tax revenue).

If Market and/or Feasibility Study is not available, other documentation to demonstrate any economic benefits of the redevelopment project, particularly related to job creation, capital investment and projected tax revenue.

Copies of any plans for hiring of local residents and workforce development training for these residents.

Examples of Criteria 6: Project Viability & Need for Financing

Copies of any and all local, state and Federal approvals necessary to advance the project.

Company/applicant overview, background and experiences, including evidence of successful completion of projects similar in size and scope to the proposed project with completion dates listed.

Strategic partners involved with the project and documentation demonstrating a history of successfully completing projects of similar size/scope.

Examples of Criteria 7: Public Health & Environmental Benefits

A letter from the project architect or other authorized representative outlining the energy efficient or green building standards, as outlined on the application.

Information regarding whether a prior use was related to the site contamination, or how and when the current or suspected environmental condition was caused.

Examples of Criteria 8: Stakeholder Engagement

Copies of any stakeholder engagement plans referenced in the Brownfields Loan application.

If the project was discussed or is expected to be discussed in an open public meeting of the host municipality or county, a copy of the minutes from the meeting or other information (i.e. agenda or date/time/location of meeting) in which the project is expected to be discussed.

EXHIBIT A
Brownfields Loan Program Detailed Scoring Criteria

Criteria 1: Not-for-Profit	
Factor	Max Possible Points
Is the applicant a not-for-profit entity	5
Not for Profit Total	5

Criteria 2: Economic Distress	
Factor	Max Possible 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

Criteria 3: Proximity to Public Transportation	
Factor	Max Possible 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 Possible Points
Has the project provided a 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

Criteria 5: Economic Benefit	
Factor	Max Possible Points
Will the redevelopment of the project site result in an increase to the host municipality's tax base?	5
Number of permanent full-time jobs expected to be created as a result of the redevelopment of the project site	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

Criteria 6: Project Viability & Need for Financing	
Factor	Max Possible 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

Criteria 7: Public Health & Environmental Benefits	
Factor	Max Possible 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

Criteria 8: Stakeholder Engagement Process	
Factor	Max Possible 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

Part 3: Information for Financial Analysis

For applications that meet the minimum score, and for which funding is available to satisfy the loan request in full, the project will advance to the NJEDA's Underwriting Department for a financial analysis of the application.

Should an application proceed to Underwriting, an Underwriter will be assigned to the project, and will request the information as listed below.

Applicants are encouraged to provide as much of this information as possible at time of initial application so that the Authority already has this information for the financial analysis. However, for any information that is missing or any additional information that is needed, the Underwriting Officer will notify the applicant, who will have 5 business days from date of notification to provide the information.

Information demonstrating the viability and experience of the entities undertaking the remediation and proposed redevelopment. This includes:	Is this Included?
Historical Financial Statements for 3 most recent fiscal year ends. Interim statements for the current year if the fiscal statement date is more than 120 days old or signed complete business tax returns for 3 most recent years for Applicant	
For any 10% or more owner of the Applicant, a copy of the most recent tax return and personal financial statement not more than 90 days old from the date of the application	
Summary of type of organization, including history and description of the organization, and its ownership structure, with an Organizational Chart identifying owners and percentages of ownership if multiple partners. Subscription Agreements for all partners or members for investment funds contributing equity to the Project.	

Company overview, background and experiences, including evidence of successful completion of projects similar in size and scope to the proposed project with completion dates listed.	
For the entity applying for the loan, 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.	
Listing of applicant's current projects in any stage of development and planning, identifying project type, size, location, funding sources, owner equity committed to project, anticipated funding closing date and completion/occupancy date	
Schedule of Portfolio Assets	