



NEW JERSEY DEPARTMENT OF ENVIRONMENTAL PROTECTION HAZARDOUS DISCHARGE SITE REMEDIATION FUND FACT SHEET

The Hazardous Discharge Site Remediation Fund (HDSRF) was established in July 1993 in conjunction with the Industrial Site Recovery Act to provide funding to public entities (municipalities, counties, and redevelopment agencies), qualifying private entities (businesses, corporations, homeowners, etc.) and non-profit organizations for the investigation and/or remediation of a suspected or known discharge of a hazardous substance. In 2003, the HDSRF received additional funding through an appropriation and permanent allocation of monies for loans and grants to the program. In September 2005, the HDSRF was expanded through amendments to the Statute to increase the availability of grants and loans to public entities, private entities, and non-profit organizations described in section 501(c)(3) of the federal internal revenue code.

The Fund is administered through a partnership between the New Jersey Department of Environmental Protection (NJDEP) and the New Jersey Economic Development Authority (NJEDA). The NJDEP evaluates an applicant's preliminary eligibility requirements, the technical merits of the proposed project, and the estimated project costs. Upon NJDEP approval, the NJEDA evaluates an applicant's financial status, determines grant and/or loan eligibility, and awards funding.

ELIGIBLE APPLICANTS AND REMEDIATION PROCESS

Grants and loans are available to public entities, private entities, and non-profit organizations described in section 501(c)(3) of the federal internal revenue code that perform a remediation under NJDEP oversight. The remediation process in New Jersey, as prescribed by the Technical Requirements for Site Remediation, N.J.A.C. 7:26E, consists of four primary phases: Preliminary Assessment (PA), Site Investigation (SI), Remedial Investigation (RI), and Remedial Action (RA). The purpose of the PA is to identify the presence of any potentially contaminated areas of concern and is the first step in the process to determine whether or not the site is contaminated. The SI is performed to determine if any contaminants are present at the site above the applicable remediation standards. For contaminants that are identified above the applicable standards, the RI is required to further characterize the area of concern, delineate the contamination and provide the necessary information to evaluate remedial alternatives. The RA requires the selection, development, and implementation of the most appropriate action to remediate the site.

FUNDING TYPES AND ELIGIBILITY REQUIREMENTS

There are many different funding options made available to public entities and private entities. Please review the following descriptions of grants and loans to find the most appropriate funding category or categories for your project:

PUBLIC ENTITIES

General Requirement

All public entity applicants must adopt an ordinance or resolution authorizing the submittal of an application to the HDSRF Program. Applications must also include the following to be eligible for funding through the HDSRF program:

- A comprehensive redevelopment plan for the subject property; or
- Demonstrate that a realistic opportunity exists that the subject property will be developed or redeveloped within a three-year period from the completion of the remediation.

Grants for Brownfields Investigations

Grants are available to conduct PA, SI, and RI activities for real property on which the public entity holds the tax sale certificate, has acquired the property through foreclosure or other similar means, or has acquired or passed a resolution, ordinance or other appropriate document to acquire the property by voluntary conveyance for the purposes of redevelopment. These grants provide for 100% of the eligible costs and are capped at \$3 million per municipality per calendar year.

Grants for Brownfield Development Area (BDA)

An additional \$2 million in grants per municipality per calendar year is available to perform PA, SI, RI, and RA activities on contaminated property located within a designated BDA. An ownership interest in the property is not required. The grant provides 100% of eligible costs for a PA, SI, and RI and 75% of eligible costs for an RA. However, if the public entity does not have an ownership interest, a lien in the amount of the grant awarded for an RA will be attached to the property.

The lien can be removed if the property is transferred to the public entity that expended grant monies for an RA on the property.

Matching Grants for Remedial Action

Matching grants are available to conduct an RA under the following circumstances.

1. A matching grant for up to 75% of the costs of an RA is available if the property will be redeveloped for **recreation and conservation** purposes. Ownership of the property by the public entity is not required; however, it must be demonstrated that the property is to be preserved for recreation/conservation by conveyance of a development easement, conservation easement, or other restriction/easement permanently restricting development.

2. A matching grant for up to 50% of the costs of an RA is available if the property will be redeveloped for **affordable housing**. Ownership of the property by the public entity is not required.

3. If a public entity owns the property and proposes to perform an RA that uses an **innovative technology**, a matching grant is available for up to 25% of the costs of the remediation. These grants are typically approved following completion of the RI and are capped at \$250,000 per project. NJDEP approval of the proposed innovative technology as a remedial alternative is a prerequisite to the matching grant approval. Grant monies are disbursed during the course of the RA work.

4. If a public entity owns the property and proposes to perform an RA that implements a **limited restricted use or unrestricted use**, a matching grant for up to 25% of the costs specifically for implementation of the approved remedy is available. These grants are typically approved following completion of the RI and are capped at \$250,000 per project. NJDEP approval of the proposed RA to obtain a limited restricted/unrestricted use designation is a prerequisite to the matching grant award. Grant monies are disbursed following NJDEP issuance of a limited restricted use/unrestricted use No Further Action letter.

Loans

Loans are available to public entities for up to 100% of the funding needed to remediate a contaminated site if there is an imminent and significant threat to public health and environment. The loan is capped at \$3 million per year per site. The interest rate is 2 points below the Federal Discount Rate with a minimum of 3%, and is determined by the NJEDA. The maximum term for any loan is 10 years.

Loans are available for an RA if a public entity owns the property and has completed the PA, SI, and RI phases of the project.

PRIVATE ENTITIES

Innocent party grants

Grants are available to private entities that meet the criteria outlined below for remediation of real property where the applicant is not a responsible party:

- the property was acquired by the applicant before December 31, 1983;
- the hazardous substance or hazardous waste that was discharged at the property was not used by the applicant; **and**
- the applicant certifies that he did not discharge any hazardous substance or hazardous waste at an area where a discharge is discovered.

An applicant that meets all three criteria may be eligible for up to 50% of costs for PA, SI, RI, and RA costs not to exceed \$1 million.

Matching Grants for Remedial Action

1. Grants are available to qualifying private parties (any person who has a net worth of not more than \$2 million) that receive the approval of the NJDEP for an **innovative technology** as part of an RA. A qualifying private entity meeting these criteria may be eligible for up to 25% of the costs of an RA that is specifically for the implementation of an innovative technology. The matching grant is capped at \$250,000 per site. NJDEP approval of the proposed innovative technology as a remedial alternative is a prerequisite to the matching grant award. Grant monies are disbursed during the course of the RA work.

2. Grants are available to qualifying private entities (any person who has a net worth of not more than \$2 million) for the implementation of a **limited restricted use or unrestricted use RA**. A qualifying private entity may be eligible for up to 25% of the costs specifically for the implementation of a limited restricted use or unrestricted use RA. These grants are typically approved following completion of the RI. The matching grant is capped at \$250,000 per site. NJDEP approval of the implementation of a limited restricted use or unrestricted use RA is a prerequisite to the matching grant award. Grant monies are disbursed following issuance of a limited restricted use or unrestricted use No Further Action letter.

Loans

Loans are available to private entities for up to 100% of the funding needed to remediate a discharge of hazardous substances up to \$1 million per year. The interest rate is the Federal Discount Rate with a minimum of 5% and is determined by the NJEDA. The maximum term for any loan is 10 years.

NON-PROFIT ORGANIZATIONS

A pilot program has been developed to provide assistance to non-profit organizations. Grants are available to conduct a PA, SI, and RI for non-profit organizations described in section 501(c)(3) of the federal internal revenue code that are exempt from taxation pursuant to section 501(a) of the federal internal revenue code, 26 U.S.C. s. 501 (a). All requirements for municipalities apply to non-profit organizations. Total funding available for this pilot program is \$5 million.

HDSRF PROGRAM FEES

The NJDEP charges oversight fees for a case manager's oversight of a remediation project. Applicants are billed on a semi-annual basis for NJDEP oversight costs. Estimated NJDEP oversight costs are eligible under the terms of each grant or loan as part of the approved HDSRF loan or grant funding. The NJDEP estimates 5-10% of the total project costs for oversight fees.

The NJEDA charges a processing fee for each grant application and supplemental application, and an application, commitment and closing fee for each loan application. **These NJEDA fees are not eligible costs under the HDSRF program.**

HDSRF FUNDING PROCESS

NJDEP - Upon receipt of the application, the Memorandum of Agreement (MOA) is executed, an NJDEP case manager is assigned, and the proposed Scope of Work and Cost Estimate will be reviewed by the appropriate NJDEP personnel. Following NJDEP review and approval, the application will be forwarded to the NJEDA.

NJEDA - Upon receipt of the application from the NJDEP, the NJEDA will review the financial information provided by the applicant requesting financial assistance to determine their financial status and ability to repay a loan. For grant applications from private entities, the NJEDA will review financial eligibility and/or ownership documents for final approval of grant awards. For public entities, the NJEDA will verify the necessary municipal resolutions and redevelopment plans. Following the NJEDA review, eligible applications will be presented to the NJEDA Board of Directors (Board) for funding consideration above a cost threshold of \$100,000. Projects that require an initial funding amount that is less than \$100,000 do not have to undergo NJEDA Board approval. Supplemental funding, if required to complete the investigation and/or remediation, does not require NJEDA Board approval for up to \$100,000. If approved by the Board, closing documents will be forwarded to the applicant for processing. After the properly executed closing documents have been returned, the NJEDA grant or loan will be formally awarded.

FINANCIAL ASSISTANCE DISBURSEMENT

PUBLIC ENTITIES

Upon grant approval, funds may be disbursed at the beginning of each phase of the remediation (PA/SI/RI). The municipality will be responsible for compensating its consultant as each required task is completed, and upon NJDEP or NJEDA request, be required to substantiate project expenditures with actual invoices and/or other documents. Following project completion, the municipality must formally close out the financial assistance agreement with the NJEDA through submission of Schedule B forms and the return of any unused portion of the approved grant.

PRIVATE ENTITIES

Upon approval, funds are generally disbursed by phase (PA/SI/RI/RA) following submission of the required remediation reports and NJDEP approval. Detailed invoices, receipts, reports and other documentation supporting project expenditures are required prior to fund disbursements. Invoices must be reviewed and approved by the NJDEP. Funding disbursements will be issued as two-party checks in the name of the applicant and their consultant. If copies of cancelled checks are included with the project invoices, a single-party check may be issued to the applicant.

APPLICATIONS MAY BE DOWNLOADED DIRECTLY FROM THE NJDEP WEB SITE LOCATED AT <http://www.nj.gov/dep/srp/brownfields/obr/>