

## EDA Resources for Redevelopment

*Whether you are a municipality wanting to redevelop underutilized properties, a developer planning to build a project on a previously developed or contaminated site, or a business looking to expand on an adjacent property that could have environmental issues, the New Jersey Economic Development Authority (EDA) may be able to help.*



*We See Opportunity!*



The EDA has targeted a wide variety of financial resources to return New Jersey's economically underutilized sites to productive use and encourage redevelopment of older urban, suburban, and rural communities in the state. In support of the State's Smart Growth policies, the EDA works in coordination with other state agencies to offer assistance at various stages of the redevelopment process. Its financial assistance extends from planning and predevelopment costs to brownfields remediation, project development and incentives for business attraction.

### Planning and Predevelopment

#### **Smart Growth Predevelopment Funding**

Low-interest loans and loan guarantees of up to \$1 million are available for noncontamination-related site preparation costs like land assemblage, demolition, removal of materials and debris, and engineering needs. Developers undertaking commercial, industrial, office, and mixed-use projects in urban and developed suburban and rural communities are eligible. Projects must have municipal support and be part of a local development plan.

#### **Fund for Community Economic Development**

The fund offers low-interest loans up to \$50,000 to finance feasibility studies and other predevelopment costs incurred by community development organizations or developers to determine if their urban projects are viable.

### Investigation and Remediation

#### **Brownfields Redevelopment Loan Program**

Interim financing up to \$750,000 at below-market interest rates is available to developers/business owners for meeting the costs of brownfield site remediation. Borrowers must have signed a Brownfield Reimbursement Agreement with the Commerce, Economic Growth and Tourism Commission. Anticipated reimbursement must be pledged to pay principal and interest on the EDA loan.

#### **Hazardous Discharge Site Remediation Fund**

In partnership with the Department of Environmental Protection (DEP), the EDA provides financing assistance to municipalities, developers, businesses, and homeowners to investigate or remediate sites suspected of or known to have discharges of a hazardous substance. Businesses may qualify for low-interest loans of up to \$1 million. Municipalities may apply for grants and low-interest loans of up to \$2 million per year for properties they own or for which they hold a tax certificate and have a comprehensive plan or realistic opportunity to develop or redevelop within three years.

For information on EDA programs, contact:

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### ***Petroleum Underground Storage Tank Remediation, Upgrade & Closure Program***

Low-interest loans of up to \$1 million are available to qualified business owners/operators with less than 10 underground tanks for 100% of the project costs. Municipalities, counties, and schools may apply for interest-free loans. Hardship grants of up to \$250,000 may be made to qualified owners/operators for 100% of the project costs. The EDA administers this program in conjunction with the DEP.

## **Infrastructure Development**

### ***Redevelopment Area Bond Financing***

Any municipality that has designated a redevelopment area may either directly or through application to the EDA issue tax-exempt bonds to fund the infrastructure and remediation portion of its redevelopment project. Some or all of the payments that are derived from a Payments in Lieu of Taxes (PILOT) agreement negotiated between the municipality and the developer are pledged to pay the debt service on the bonds. Qualifying bonds are excluded from the municipality's gross debt.

### ***Revenue Allocation District Financing***

A municipality may designate an area in need of redevelopment and use new revenues generated from the project to pay for development costs. A municipality taking advantage of Redevelopment Area Bonds has the option of designating the EDA to act on its behalf as a redeveloper to take advantage of the Authority's abilities to condemn and assemble sites and handle other technical aspects of the project.

### ***Real Estate Development Assistance***

The EDA helps implement major economic development projects for companies and governmental and not-for-profit entities, including those involving the cleanup of contaminated sites. The EDA offers a full range of real estate development services that include:

- Acquiring real estate, using its power of condemnation when necessary
- Acting as a land developer
- Serving as a build-to-suit developer for important public projects
- Participating in joint ventures with private partners
- Consulting on special projects

## **Redevelopment Projects**

### ***Bond Financing***

Once investigations and remedial activities are done, the EDA may issue tax-exempt and/or taxable bonds to provide long-term loans at below-market rates for real estate acquisitions, equipment, machinery, building construction, and renovations. The minimum loan size is approximately \$750,000 and the EDA may guarantee a portion of the bond financing.

### ***Loans and Guarantees***

Low-interest loan and loan guarantees help businesses get bank financing to meet funding gaps. Companies planning to locate on former brownfield sites in developed or designated growth areas can borrow funds for buildings and equipment or for working capital to meet operational needs. Loans also are available for up to \$10 million for development projects located in certain federally designated low-income areas.

## **Incentives for Business Attraction & Expansion**

### ***Business Employment Incentive Program (BEIP)***

Financial incentives are offered to encourage businesses to locate and expand in New Jersey and create at least 25 new jobs. The job creation threshold is only 10 for high-technology and biotechnology companies. Grants are equal to 10% to 80% of the total amount of state income taxes withheld from new employees hired. Grants are made annually for up to 10 years. Companies expanding or relocating at brownfield sites may qualify for a 10% bonus up to the maximum 80% grant.