



# Changes to HDSRF Limit Funds Available for Site Remediation

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Earlier this year, New Jersey passed legislation (Assembly Bill 1954) that changed the availability of certain funding to public and private entities under the Hazardous Discharge Site Remediation Fund (“HDSRF” or the “Fund”). The HDSRF program provides grants and loans to public entities and certain private entities that require financial assistance to investigate and remediate suspected or known contaminated sites. The HDSRF program is funded through the New Jersey Corporate Business Tax and is jointly administered through a partnership between the NJDEP and the New Jersey Economic Development Authority (“NJEDA”).

Below is a list of notable changes to the HDSRF program as a result of Assembly Bill 1954:

- The 50% matching grants for “innocent parties” to complete site remediation activities (i.e. preliminary assessment, site investigation, remedial investigation and remedial action), which were previously capped at \$1 million, have been completely eliminated from the program.
- The 25% matching grants previously available for “innovative technology” and “limited restricted use” remedial actions have been eliminated from the program.
- The amount of annual grant funding available to municipalities, counties and redevelopment entities has been reduced from \$3 million to \$2 million.
- The additional annual grant funding available for projects in a Brownfield Development Area (“BDA”) has been reduced from \$2 million to \$1 million.
- The statewide annual award for projects involving redevelopment of property for recreation and conservation, affordable housing and renewable energy, previously capped at \$5 million, has been reduced to \$2.5 million.

- The annual loan cap for any person that is not a municipality, county or redevelopment entity, which was previously set at \$1 million, has been reduced to \$500,000.
- For previous applicants, no new awards will be approved until the applicant demonstrates that it has expended or will expend the full amount of any previous funding awarded for the same property.

The amendments to the HDSRF program also place timeframes on the completion of certain remediation tasks for which the funds were awarded, including a requirement to expend the funds for a preliminary assessment or site investigation within two (2) years of the date of the award and to expend the funds for a remedial investigation within five (5) years of the award date. If the funding is not used within these timeframes, the award will be cancelled. In addition, the new law has changed the priority of funding awarded from the HDSRF so that properties owned by municipalities in BDAs are given priority over sites in Planning Area 1 (Metropolitan) and Planning Area 2 (Suburban) pursuant to the State Planning Act. Properties where contamination poses an imminent and significant threat to human health, a drinking water source or a sensitive or significant ecological resource are still given first priority. The NJEDA has also been tasked with developing criteria requiring municipalities, counties and redevelopment entities to develop a property within three (3) years of the completion of the remediation. Interested parties should review these changes carefully to determine how they may impact their ability to finance remediation and brownfields redevelopment.

For more information, please contact the author Jaan M. Haus at [jhaus@riker.com](mailto:jhaus@riker.com) or any attorney in our [Environmental Practice Group](#).

## **Attorney:**

Jaan M. Haus

## **Practice:**

Environmental Law

Headquarters Plaza, One Speedwell Avenue, Morristown, New Jersey 07962-1981 • t: 973.538.0800 f: 973.538.1984  
50 West State Street, Suite 1010, Trenton, New Jersey 08608-1220 • t: 609.396.2121 f: 609.396.4578  
500 Fifth Avenue, New York, New York 10110 • t: 212.302.6574 f: 212.302.6628  
399 Knollwood Road, Suite 201, White Plains, NY 10603 • t: 914.539.3360 f: 914.539.3361  
1200 Summer Street, Suite 201C, Stamford, CT 06905 • t: 203.326.6740 f: 914.539.3361  
[www.riker.com](http://www.riker.com)