

Open Space Acquisition

Using the Environmental Infrastructure Financing Program



**Municipal Finance
And Construction**

**New Jersey Department of
Environmental Protection
Division of Water Quality**

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE FINANCING PROGRAM

The New Jersey Environmental Infrastructure Financing Program (EIFP) is a partnership between the New Jersey Department of Environmental Protection (DEP) and the New Jersey Environmental Infrastructure Trust. The Legislature created the program to offer local governments and private water purveyors low-cost financing for construction of wastewater and drinking water infrastructure, landfill construction and closure, and stormwater and nonpoint source pollution management projects. Nonpoint source projects may include open space acquisition and remedial action such as a brownfields cleanup that produces a water quality improvement.

PRESERVING OPEN SPACE

Open space preservation is essential to protecting and enhancing the quality of life in New Jersey's communities. Uncontrolled, haphazard development is rapidly devouring New Jersey's open space. Poorly designed development threatens our precious water supplies and other vital natural resources by increasing the amount pavement and impervious cover, preventing rainfall from replenishing underground aquifers. New roads and large, scattered housing sites create currents of stormwater runoff that carry trash, road salts, oil and other contaminants into our streams and rivers. By some estimates, nearly 60 percent of current water pollution is attributed to stormwater runoff.

Preserving open space protects land from development, safeguards our water supplies and other natural resources and provides outdoor recreational opportunities.

FINANCING THROUGH THE EIFP

Most EIFP borrowers receive two loans, a zero percent interest loan from DEP and a market rate loan from the sale of the Trust's AAA-rated tax-exempt bonds. Land acquisition projects, however, will receive 75 percent of the total loan from DEP and 25 percent from the Trust, making these loans financed at only one-quarter of the market rate.

WHAT IS ELIGIBLE FOR FUNDING?

Land acquisition financed through the EIFP must demonstrate a water quality benefit. Headwaters, stream corridors, wetlands, watershed protection, and aquifer recharge areas are among the types of land that would qualify.

While lands purchased through the EIFP cannot be developed, they may be used for passive recreational activities, such as hiking, fishing and horseback riding. Application of a conservation easement on funded parcels assures that the water quality benefits are preserved.

The EIFP works closely with the Green Acres Program to maximize a community's limited funds for land acquisition. Through this partnership, municipalities can receive the resources necessary to purchase larger and/or more

expensive parcels before they are lost to development.

If only a portion of a parcel is eligible for EIFP financing, the remaining portion of the land can be financed through open space acquisition programs such as Green Acres or local programs funded by county and municipal open space taxes.

For more information on Green Acres, contact Gary Rice at (609) 984-0570.

WHAT ELSE CAN BE FUNDED?

- Remedial work
- Wastewater projects
- Stormwater and nonpoint source pollution management projects, including street sweepers, skimmer boats, and netting on outfalls
- Drinking water projects
- Landfill construction and closure
- Security such as fencing, lighting, motion detectors, and cameras

CONTACT US FOR INFORMATION

- **Engineering Planning and Design** - (609) 984-6840
- **Environmental Planning, Design and Project Priority List** - (609) 292-3859
- **Financial Applications and Payments** - (609) 633-1208

ADVANTAGES OF BORROWING THROUGH THE EIFP

Lowest interest – Land acquisition projects are eligible for loans at one-quarter of the market rate. Other categories of infrastructure are eligible to receive loans at one-quarter or one-half of the market rate.

Reduced financing costs – Borrowers benefit from reduced costs due to the economies of scale of a pooled bond issue. Bond insurance is rarely needed, interest may be capitalized and principal payments deferred during construction, and the debt service reserve fund is capitalized by the state.

Match to other funding programs – The amount available to project sponsors for EIFP loans is unlimited and can be used to supplement grants and other loan programs.

HOW TO QUALIFY

October 1 of each year is the deadline for submitting a commitment letter and planning documents to qualify for a loan award in November of the following year.

Pre-award approval may be granted to allow applicants to proceed with a project before the loan award.

Short-term financing for approved work initiated before the loan award is also available through the EIFP.



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