

How to Apply

All applications are submitted on the H₂LOans website (www.h2loans.com). To open an H₂LOans account, call the I-Bank at 609-219-8601.

Applications are accepted any time of the year. For program application guidance see: the [Applicant's Guide](#):

Eligible Applicants and Projects

Applicants

- Public and privately owned water systems
- Nonprofit non-community water systems
- Public community water systems

DW Projects

Green Projects	Runoff control
Wastewater Projects	Brownfields
Stormwater Projects	Security Monitoring
Equipment Purchases	Landfills
Emerging Contaminants	Redevelopment Projects

Additional Information

Visit NJ I-Bank [January Report](#):

DEP Water Infrastructure Investment Plan ([WIIP](#)):

DEP [Intended Use Plan](#):

Contact us:

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Website: njib.gov



SFY2027 Drinking Water Program Highlights

Enhanced Assistance for Disadvantaged Communities (DACs)

Applicants meeting the Affordability Criteria are eligible to participate in the DW Technical Assistance Program (NJ-TAP) and the NJ Water Bank Technical Assistance program (NJWB TA).

- Participating sponsors are now eligible to receive up to \$2M in grants for planning and design activities.
- Participating sponsors will also be offered at least \$2M in PF or the best available funding package for their capital improvement project at the time of loan certification. See the Intended Use Plan link on the left.

Lead Service Line Replacement (LSLR) Updated Requirements

Following issues identified with lead service line replacements in Newark in 2024, the Department strengthened oversight requirements for LSLR projects across New Jersey. The updated approach includes monthly inspection reporting, project data submissions with each payment request, and additional physical inspections to ensure consistent and complete replacements. In addition, recent EPA guidance expands eligibility for galvanized service line replacements under IIJA funding, helping ensure more systems can address aging infrastructure and protect public health.

Resilient Statewide Water Supply Infrastructure

The Water Supply Management Act requires New Jersey to maintain a statewide plan to assess water needs and risks. In September 2024, DEP released the updated plan addressing climate change, sea level rise, aging infrastructure, and contaminants. Funding from the 1981 Water Supply Bond Act will support infrastructure upgrades, drought mitigation, and expanded water storage. The Department plans to use these funds for capital improvements, including strengthening water infrastructure resilience, mitigating drought, and increasing storage.

SFY2027 Water Bank DRINKING WATER Program



Enhancing infrastructure is vital to New Jersey's health and economy. To alleviate the significant investment required to sustain and improve the State's aging infrastructure systems, the I-Bank offers low-cost financing for water quality infrastructure projects. The I-Bank's NJEIT Department partners with the NJDEP to jointly administer low cost loans through the NJ Water Bank for environmental projects. The Water Bank includes two programs: the Clean Water program and the Drinking Water program.

**NJ I-Bank and NJDEP
Helping to Improve
New Jersey's Infrastructure,
One Project at a Time**

Drinking Water Funding Basics

“Blended Rate”

Long-term funding packages are represented as a blended interest rate consisting of a percentage of the I-Bank’s AAA Market Interest Rate. (**Blended Rate**). For example, a long-term funding package that consists of a 75% DEP interest-free share and a 25% I-Bank market-rate share is described as a 25% Blended Rate.

Base DWSRF Publicly and privately owned water systems are now both funded at a 50% Blended Rate.

Enhanced Base DWSRF For publicly and investor owned public water systems with an Affordability Score of 100 or less, funding is offered at the 25% Blended Rate.

Tiered Affordability Packages

AC1 Systems with an Affordability Score of 69.11 and under receive 100% PF capped at \$3M. Remaining project costs will be financed at a 25% Blended Rate.

AC2 Systems with an Affordability Score of 69.12 to 86.19 will receive 100% PF capped at \$2M. Remaining project costs will be financed at a 25% Blended Rate.

The highest-ranked, construction ready projects ranking 450 points or higher sponsored by either AC1 or AC2 Tier systems receive 100% PF per applicant up to \$10M of project costs. Remaining costs will be financed at a 25% Blended Rate.

The DEP fee is waived for the PF portion of affordability loans.

Drinking Water Program Principal Forgiveness Opportunities (PF)*

DW High Rank Affordability (\$10M PF Available)

For projects with 450 or more priority ranking points on the Project Priority List, (other than those that address emerging contaminants or lead) see the tiered affordability terms at left.

DW Affordability (\$19M PF Available)

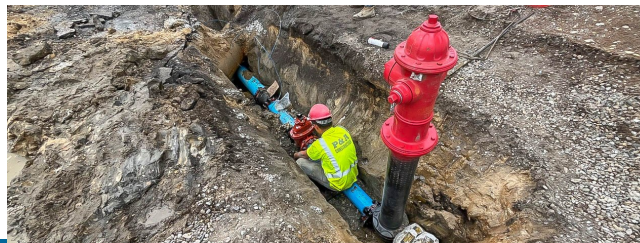
See tiered affordability packages on the panel to the left.

Lead Service Line Replacement (\$146M PF available)

Lead Service Line Replacement will be offered to AC1 Systems at 80% PF capped at \$16M and a 10% Blended Rate for the remainder of project costs up to \$20M. For AC2 Systems, financing consists of 50% PF capped at \$10M and, a 25% Blended Rate for the remainder of project costs up to \$20M. Both tiers can finance project costs in excess of \$20M at a 25% Blended Rate. For systems that do not meet the Affordability criteria, allowable project costs may be financed with a 20% Blended Rate.

Emerging Contaminants (\$22M PF available)

Emerging contaminants are naturally occurring or manufactured substances and microorganisms that may pose newly identified or re-emerging risks to human health, aquatic life, or the environment. They include chemicals found in personal care products, pharmaceuticals, industrial chemicals, pesticides, and microplastics. Of available PF, \$5.5M is set aside for DACs or systems serving a population of 25,000 or fewer. Funding packages consist of 100% PF capped at \$3M and a 25% Blended Rate for project costs over \$3M. When there is no PF available, projects will be financed at a 25% Blended Rate.



PF Opportunities (continued):

Very Small Water Systems (1,000 or less) (\$5M PF available)

Water systems serving populations of 1,000 or less for loans offered at 100% PF with a \$2M cap. Project costs above the PF cap will be funded at the 25% Blended Rate. There is a \$3M set aside for water systems that participate in technical assistance programs, including Community Engineering Corp and the Engineering Contract with NJ Water Association. These programs identify water systems that need assistance to comply with federal and state drinking water regulations and facilitate Water Bank loans. Planning and design (P&D) services are typically covered to help systems that do not have funds to cover the upfront costs. Community Engineering Corp and the Engineering Contract with NJWA projects will not have a PF cap, subject to remaining availability of funds in the Very Small Water System Program. The Department waives its 2% loan origination fee for these loans and will not charge permit fees to these small systems.

NANO Loan Program (Water systems serving 10,000 or less) (\$5M PF available)

These loans consist of 50% PF capped at \$1M and a 25% Blended Rate for the remainder of project costs up to \$2M. Project costs in excess of \$2M will be funded at the 25% Blended rate.

***All funding packages are subject to change based on final Intended Use Plan.**

