New Jersey Economic Development Authority

Historic Property Reinvestment Program Listen Session

Transcript

December 20, 2021

Patience Purdy: Today's listening session is on the Historic Property Reinvestment Program. (Next slide, please.)

The Historic Property Reinvestment Program is part of the New Jersey Economic Recovery Act (ERA) that was signed into law in January of 2021. The ERA creates a package of tax incentive financing and grant programs that will build a stronger, fairer New Jersey economy, and it's both a broad-based recovery bill and a reform bill that will better position New Jersey to recover from the economic crisis caused by the Covid-19 pandemic while remaining true to the NJEDA's commitments to transparency and accountability. You can visit the NJEDA's website at njeda.com/EconomicRecoveryAct to learn more about each of the programs within the ERA or to provide general ERA feedback. The NJEDA is committed to transparency equity and faithful stewardship of taxpayer dollars and welcomes constructive input from all New Jerseyans as we work through the process of implementing the programs under the era the NJEDA is providing multiple opportunities for input today's session is just one way that the NJEDA is collecting informal program-specific feedback.

Pursuant to Governor Murphy's Executive Order Number 63, the opportunities for groups and stakeholders to engage with the NJEDA and craft rules around the historic property reinvestment program again. That's what we're doing this morning; we're looking for constructive input on ensuring that this program and all of our programs created through the ERA are structured and administered in a manner that drives opportunities for all residents and communities. This session will begin with a presentation to summarize the draft rules; the opportunity for public feedback will be available following the presentation, and the presentation is expected to last probably about 15-20 minutes, with additional time at the end reserved strictly for public input.

If you'd like to submit written feedback on the Historic Property Reinvestment Program, you can go to www.njeda.com/economicrecoveryact/program-specific-feedback/ through December 23rd. This session, as well as the session that was hosted on Friday and the slides associated with the session, are posted on njeda.com.

Feedback (during today's session) may be submitted verbally using the raise hand function in Zoom or writing through the Q&A feature. If you'd like to, you can put your feedback in the Q&A. We are not using the Q&A to answer questions unless they are clarifying questions; we cannot answer project-specific questions during this session. Each member of the public who wishes to speak uses the raise hand function in Zoom. We'll put this slide up and remind you of that at the end of the presentation; as you raise your hand, you'll be put into a queue in order we'll call on you to unmute you so that you can speak. When you speak, we ask you to identify yourself: give us your name, where you're calling from, what type of organization you're calling from. This is to ensure that everyone that chooses has an opportunity to speak. We will have a maximum of 3 minutes on the limit pertaining to the ERA, the Historic Property Reinvestment Program, or the draft rules. If there is time, once everyone has had an initial opportunity to provide remarks, you can raise your hand again if there is time, and we'll reopen it and let you know that. Again, please don't expect to engage in a dialogue. We may respond to some basic questions or clarify input, but not impromptu questions or something that addresses a specific project, as this is not the forum for that. We will remind you to maintain proper decorum and civilly provide your remarks.

At this time, I am going to turn the program over to NJEDA CEO, Tim Sullivan. He will give you a bit of an overview on this program and how it differs from some of the others within the ERA, Tim…

Tim Sullivan: Welcome, good morning. Great thanks for your patience this morning, everybody. First things first, thanks for taking the time to be on this call on Zoom because you know it is a busy time of the year: it is wrapping up the year and heading into the holiday season. It is cold as hell, that has nothing to do with how you spend your time, but it is very cold. You have a lot going on, so we really appreciate your time.

We've been in the habit of doing these sessions now for the last seven or eight months. As we roll out the programs of the ERA, consistent with Governor Murphy's executive order sixty-three, which directs agencies like ours to do kind of pre-public consultation. Pre-public comment consultation has been a valuable tool for us to generate good input and good feedback into our programs. Hopefully, the historic program is no different. We've put forward a draft set of regs and rules that Aidita and others will take you through in a few minutes. We think they're pretty darn good, we know they're not perfect, and they'll only get better and be improved by the public input.

This is a really important program that I am really excited about. You know, some of the programs in the Economic Recovery Act get a little bit more attention, things like *Emerge* and *Aspire*. These are successors to predecessor programs like *Grow* and *ERG*, and the Historic Tax Credit. It is brand new prior to the Governor signing this bill about a year ago. New Jersey was one of only eleven states that did not have a state-level of property, historic property tax credit. I do not know why, but now we are off that list and we are on the good list the forty states that so.

From a policy perspective, one, preservation is a laudable goal in and of itself. But, two, if you think about the innovation economy, quoting Jane Jacobs – with some degree of irony for a sort-of recovering-banker and economic development person – but to quote Jane Jacobs, you know new ideas need old buildings, something she used to say about you know cheap historically significant space places with good industrial bones for innovation economy to take root, either as housing or as workspaces. We think this is a really important component for our, not just our community development ambitions, but also our economic development and innovation ambitions. If you also think about it from a policy perspective, if you drove around downtown Trenton, where I am this morning, or Camden, or Paterson, or Newark, or Jersey City, you see in lots of places beautiful historic structures. They often need a little bit of love and are in a little bit of disrepair. If we are talking about them as redevelopment targets, it's because there's something that has kept them from getting redeveloped, we think this historic tax credit could be the catalyst for finally getting some of these buildings back to productive reuse. This is a really important goal in its own right, for our innovation economy, and for our cities in particular (long with our suburbs and rural communities which have historically significant properties as well). New Jersey's history goes back pretty far, we've got great, beautiful examples of architecture and places where significant things happen that we want to preserve, protect and re-energize. We think this tax-credit is a powerful tool to do so, but it will only work if we get it right. I think, again, I think, we are pretty close to it. I think the first draft that came out a week ago, rules and regs, is pretty great, but it only gets better from here with good input

	and feedback. With that, I will hand it over to Aidita to talk us through what is actually in this proposal, then we will listen and hopefully learn something.
Aidita Milsted:	Thank you, Tim. Alrighty, so we're going to go through some of the key components of the rules as it was stated before, you can access the actual rules on our website you can visit the website at www.njeda.com/economicrecoveryact/program-specific-feedback/. I wanted to make two things clear throughout the presentation. Any text that you see that is highlighted in light green means that there are areas where we have used the rules to add clarity to the legislation. So, it's not that we changed something, it's that we have clarified what's already in the statute. Anything that is not highlighted is something that was written into law. We have no discretion to make any changes. Alrighty, what is the Historic Property Reinvestment Program? It's a program that, as was just stated, was established under the Economic Recovery Act of 2020, and it was set up in a way that can work in conjunction with the federal historic tax credit program. It provides tax credits to incentivize historic rehabilitation in New Jersey. Applications for the program will be due by a pre-established deadline. Awards are going to be based on competitive scoring. The program focuses on historic preservation as a component of community development, and it's also set up with the goal to bolster smart growth investment focus in the rehabilitation of existing identified historic structures with the ultimate goal to in many cases be able to help bring often underutilized properties back to productive use. Obviously, by doing these things, we're also encouraging long-term private investment into the state at the same time preserving properties that are of historical significance. Like all the other programs in the ERA, it is also the program that includes some fiscal protections to make sure that the money spent is spent the way it's supposed to be spent. Some of the key features of the program, and I'm going to go through these very quickly and we'll go into a little more detail later on, but the program is capped at 300 million dollars over six years. That's 50 million dollars per year. There is an option for any unused credits at the end of the year to be rolled over into the next calendar year, or to the next non-calendar into the next year and then it also has an option for funds from a subsequent year to be used ahead of time. In some very specific cases, the awards would represent 40 to 45 percent of rehabilitation costs. Which are eligible costs within, depending on the type of project with 40 percent of rehabilitation costs for qualified properties. We'll go into detail what that means but that's like the standard project up to a maximum $4 million. For qualified properties that are located in a Government Restricted Municipality or in a qualified census tract, that's up to a maximum of $8 million. Then there's some projects that have a transformative property in them, and this is a significantly higher bar to cross. Those projects will be able to get up to 45 with a maximum of 50 million. The tax credit will be awarded via a competitive application process, again there'll be a set up deadline for applications so then all the applications can be reviewed at the same time and scored. The project and business entity, which is the applicant, must also pay prevailing wage for all construction and for building services for 10 years following project completion. Here is just kind of a quick project timeline. Like I said, the way the project starts as a business entity, or the applicant will submit an application by a pre-established deadline. At that time all the applications that will be received will be reviewed and scored.

The review will take two parts. There is one side that would be looking at the underwriting financial requirements and legal requirements, like legal reviews. At the same time, they will be looking at the criteria that is the score criteria. Then that will result in the ranking of the applications. Once the reviews and scores are done, that top ranked project will be presented to the board, to the EDA, for approval. Once the board approves the top ranked, at that time, business entities are able to appeal the board action. That is the one time that you are able to appeal. So, whether it is because you believe there is something that you were on your scored unfairly or you do not agree with your score, you believe that there is something missing, or you were told something was missing but you included or whatever your reasoning might be. This is the time to do it, following the board approval. Then we will be looking at a full review of the Secretary of the Interior's standards, The statute requires substantial compliance with the secretary of the interior's standards. We are looking at this compliance in two parts, as part of the review of the application. We are looking to look at a project approach and what the project describes. That's how they're going to be dealing with the secretary of the interior's standards and general information. As a whole, however, once the approval occurs, that is when a full review for the secretary of the interior's standards will occur. At that time, we will do that because it is after the scoring is completed that would allow us to go back and forth. This would happen normally as part of the federal tax credit program application. You'll be able to go back and forth if there are any concerns or issues to make sure that compliance is reached. Following this set together at this time frame, board approval to the rehabilitation of the agreement depends. It could be up to the maximum year and if this is the time we will go through the secretary of interior's standards. We will also go through any conditional approval that you may have had. If you need some final financial documentation to submit, and all that stuff will be happening through this time. Then you will have a rehabilitation agreement once your rehabilitation agreement is done and signed; this is when the clock for the project starts. That is when the construction occurs, and it will depend on the project.

Whether the project is a straight single-phase project or a phase project, it would be between twenty-four months or sixty months. That is the clock that starts at the rehabilitation agreement, once the construction is completed. You have basically the building goes into service that is when you will submit you have a time frame to submit certification of the work that was completed. The issuance of the tax credit at that point is technically a kind of project completion. But then there are two requirement time periods that come after that so there is a requirement of five years post completion for annual reports. At this time, you have to provide information and to confirm that no changes have been done to the property, since they were done. If nothing has changed the property to such a degree, that it would not meet the pro project program requirements, haven't you still in compliance with the secretary of the interior's standards. That will be for five years, then past those five years then you have an additional five years, for a ten-year total. When there is a ten-year prevailing wage building services requirement, and will be again, in most cases from the end of the project to then ten years subsequent to that.

Now we will talk a little more detail about the different specifics of the project and the program. First, we will talk about eligibility. There are the general eligibility criteria, I am not going to go into detail with them now. But we are going talk about each of them individually. The first requirement has to do with economic feasibility and basically means that the business entity must demonstrate at the time of the application that without this tax credit the project is not economically feasible. This is everything from the money at hand, plan on what is going to happen with the building, and all your financials for the project. There is a gap there, it is just not possible without this help, and somewhat linked but slightly different. We also need a project financing gap. With the financing gap you must show that there is a financing gap that exists. Basically, that you tried every other avenue possible to get financing for the project, and you still have a gap. This financing gap has to be equal or less than the fine than what you are looking for. The money you are looking to get so you cannot have a financing gap. For example, of one million dollars but then be seeking a $4 million tax credit. So the command spanner contract construction is also one other requirement. Basically, what that means is you could not have started construction or any rehabilitation activity at the site prior to submitting an application.

So, you could not have started physically working construction work on the project before you applied. You cannot do any work or any active construction activity until after the execution of the rehabilitation agreement. Then with regards to equity, the project must include business entities contributed equity. Thus, applicant equity of at least 20 percent of the total cost of rehabilitation. However, there's one exception which is for projects that are located in a Government Restricted Municipality, those are Trenton, Atlantic City and Paterson there the equity on those municipalities; on those locations will be only ten percent. There's also some requirements that have to do with the cost of the rehabilitation, and I believe this is pretty overrated on the same requirements for the federal program, which is the selected cost of the rehabilitation. Now when we talk about the cost of rehabilitation, we talk about the eligible cost that cannot be less than the greater of either the adjusted basis of the structure or the qualified property or transformative property as used for federal income tax purposes, which means basically the value of the structure or five thousand dollars. In addition, if the project is going to be a residential project there are some requirements. Number one because we're talking about a program that applies to income producing properties it must be a residential property to be used for a rental purpose and it also must contain at least four dwelling units. In addition to that, for any newly constructed residential units you must reserve at least 20 of the units for low- and moderate-income households. Finally, the most generic eligibility of them all is that the project has to be a rehabilitation project. The statute defines that, and the rules define it as a special construction project or improvement or phase of a project or improvement undertaken by a business entity that includes the rehabilitation of a qualified property or transformative property. So what exactly is one is the qual qualified property or transformative property? That's what we're going talk about now. We're talking about rehabilitation projects and what it is, so the rehabilitation project has to include either qualified property or transformative property next slide so a qualified property it has basically obviously has to be in the state of New Jersey. It has to be an income producing property and then on top of that, it has to be designated already so it has to be designated as either individually or located in a historic district that is either in the National Register of Historic Places, the New Jersey Register of Historic Places or the Pinelands commission. If it's in a district, it needs to be contributing to the district, or it could also be a property that is again individually identified or located within a district that has been identified or registered for protection by a municipality in accordance with criteria for identification or registration that the officer has approved, so the officer is the state historic preservation officer.

At this time, what that designation would mean is basically a property that has been identified by a certified local government as approved by the program in the historic restoration office runs. Again, even in that case, just like when it's registered in the New Jersey, National, or Pinelands, if it's in a district it needs to be contributing to the district next already so a transformative property is a little different and it has a significantly higher bar that's why then the prod the funding available on the tax credits that a transformer project could obtain are significantly higher. So, first there's an income, the income producing property is looking to have a significantly more demonstrable impact. We're looking for something that the applicant will demonstrate to the authority's satisfaction, that the property will generate substantial increase in state revenues through the creation of increased business activity within the surrounding area. On top of that, it needs to be individually listed in the New Jersey Register of Historic Places. In the other designation for qualified properties it could be individually, or as part of the district for a transformative property it has to be individually listed in the New Jersey register. Then it needs to have received the determination of eligibility from the keeper of the National Register of Historic Places not listed in the register, but have a determination of eligibility from the keeper and this determination has to have been in place by the time of the act being enacted. It's if you don't have a determination of eligibility at this point it's not like you could say it's a determination you can seek in the future. In addition to that there's a requirement with regards to location, so the project has to either be within a one-half mile radius of the center point of a transit village and within a city of the first class; that is right now Newark and Jersey City. It can also be located within a government restricted municipality; those are Trenton, Atlantic City, and Paterson. The other thing that defines the rehabilitation project is what the selected rehabilitation period is. The selected rehabilitation period is something that must be chosen by the applicant at the time of application. You can select one of two periods which is either an up to a maximum of 24 months for projects that will be completed in a single phase or up to a maximum of 60 months for projects completed. In distinct phases for projects that are completed and distinct phases, those phases need to be clearly defined as part of the architectural plans and specifications. Now with regards to award size, the award sites will vary depending on the type of project. The regular whenever we call a regular project, which is a project that has this qualified property. It could be anywhere in the state that would be 40% of the cost of rehabilitation, which is an eligible cost up to a maximum of four million then for projects that have a qualified property. That is in a qualified incentive track or in a government restricted municipality, now we're talking about 45 % of the cost of rehabilitation up to a maximum of eight million.

For transformative properties, projects that have a transformative property now we have a forty-five percent of the cost of rehabilitation up to a maximum of $50 million for that project. We'll talk about the review of the application, like we said we're looking to do this as a competitive program. So, we'll be reviewing applications based on scoring criteria, specifically we're going to be looking at these factors that have to do with the significance of the property. The potential thread, the project concept and the team site control and impact on the neighborhood and we will be able to receive tax credits the application will need to meet a minimum score.

Just to provide a little more clarification on exactly what we're talking about with regards to the criteria. So, with regards to historic significance we're talking about what type of designation the property has right, is it just say listed in the National Register State Register or Pinelands or by CLG. Is it a national historic landmark, what it looks like, how much historic fabric, how much integrity is left on the building, is the type of significance on the state level, national, or local level? Is it a rare example, is this something that has been clearly identified that is one of only a few examples of the type? Or whether it's type or association, so it's associated with an event is the only site associated with an event always alike. With regards to the threat to the resource, we're looking particularly at the condition of the site. What's the condition of the property are we talking about a building that has significant building envelopes issues, like there the roof is leaking, there's windows and doors missing? Are there significant structural conditions on the property or in the building that poses a threat for the building being lost? Is the building vacant with no utilities and how long has it been vacant? It is their threat of encroachment, it is their everything around it is being engulfed by some development and it looks like if this building is not brought to life again that it will be engulfed into and probably demo to be part of another development happening. With regards to the project concept, and team we're looking at what's the project approach.

With regards to project approach one of the things we're looking at is what the proposal is with regards to compliance with the secretary of the interior's standards. That includes everything for treatment of finishes and fabric and the building as a whole use of the building. Proposed treatment for projects that involve any kind of ground disturbance proposed treatment of any potential or known archeological site.

We also look at the team's experience -- how experienced are the members of the team with regards to projects of the same type of size or complexity. We're looking at the project schedule in general. Is it a realistic schedule or are we being told that the project's going to be completed in 20 months when is a project that really would take five years? Then the same thing with the construction cost estimate. Are the numbers reasonable in keeping with industry standards and the permitting status? That is more to see how far and close you know shovel ready the project is. Have you already gone through all your permitting, have you gone through local sounding boards, if you needed to? Review with the EP or the state agencies, are those completed so anything with regards to permitting or reviews that are required ahead of the project starting. Site control, we're looking just to see if you own the building or do you rent the building. Is there an agreement in place or is this just you're looking at potentially getting a lease agreement or purchasing the building. So at the very least you need to show that you have an agreement with the current owner, for either a lease or a purchase of the property. But we'll be looking at how far along those things are.

Lastly, we look at the impact on the surrounding neighborhood and that has to do with what good the project's going to do for the neighborhood. Is it going to address an unmet neighborhood need? Is there community support for the project, and if there's the potential for the project to attract businesses or small businesses or employers to the area? We have a couple of additional information we wanted to also highlight. One of the important things in the program is that it allows for there to be a co-applicant for submitting the application. The applicant is defined as a non-for-profit organization, so it has to be a 501(c)(3). That's defined by the IRS and or the internal revenue code. It cannot be just a random not-for-profit that you get on board just to be able to use it for this, it has to be an organization that is contributing to the project whether it's capital real property services. If you know that the non-for-profit owns the building they lease, they're releasing the building and using the building they will be managing programs as part of your project.

Once the work is completed and something like that in that case you have to have a participation agreement within the business entity or the developer and this co-applicant showing what the relationship will be the benefit of this co-applicant is. That will allow on when in for a project that has a co-applicant would allow for the credits to be issued to the co-applicant which and then what ultimately that means at the end of the day for the bottom line is that if you're selling or transferring such set credits can be done through the not-for-profit, that way there's no sales tax on that. There's also the prevailing wage requirements which we mentioned earlier, the prevailing wage requirements cover the entire cost during construction. Then for building services which for the most part are janitorial type of services like cleaning services and they extend for 10 years after. That is a clarification on what that 10 years means depends on the type of project you have, so for a project that is a single-phase project which is only 24 months it starts the clock at the project completion. However, for a project that is a 60-month project that has multiple phases, the clock will start at the completion and certification on the first phase that is completed. Then we also have some affirmative action requirements and that will apply completion or us equal to the prevailing wage for two years after the first tax credit is issued so again for a 60-month project, it is after the first phase is certified that's where that requirement time frame goes from.

The program allows for transfer of the certificates for one time only, so once you transfer to somebody or sell it to somebody that person is not able to sell it or transfer. There are requirements with regards to how much can be charged for them. So, the transfers cannot happen for less than eighty percent of the cost, the credit amount or the value of the credit amount which basically is 85 cents on the dollar. This is with the exception of residential projects that consist of newly constructed residential units that have received federal low-income housing tax credits. In that case then the transfer value could be 75 percent as low as 75 percent again is 70 cents on the dollar and once again the purchaser or signee is not able to make any subsequent transfers once they purchase those credits. Finally with regards to the transfer we also - and this is in the statute and in on the other programs under the ERA - once a transfer is approved, information will be posted to the NJEDA website with regards to that transfer. This is one of those transfer transparency measures. The information (that will be listed) is what's here on the screen, which is the name of the transfer, the name of transferee, the value of the certificate being, what is the state tax against that they may apply the credit and then how much it was paid for transfer already.

So now, staying with the ‘money’ talk, we'll talk a little briefly a little bit about what we're talking about regarding program fees. We have divided what --- there’s three tiers on the program fees. On the first tier is projects that have a rehabilitation cost up to $10 million. ‘Rehabilitation cost’ means eligible cost - this is not total project cost, this is just eligible cost. So for a project that has cost up to $10 million, we have a number of fees, so we're looking at an application fee and all of the different tiers will have the same fees.

The ‘application fee’ is a fee that comes in as you know we would think with the application, then we have an ‘approval fee’ that is due right before we go for board approval. That fee is the only one that is reimbursable should the board deny the approval. Then we have an ‘agreement fee,’ so this agreement fee will happen at the end of that phase we discuss. That is when we're going to be going into a deep review, an in-detail review of the Secretary of the Interior's standards.

After the board approves and you get an approval, but before the agreement they'll be the full review. In this one category [the ‘agreement fee’] – it’s the only category that there's also a potential discount that has to do with whether or not a project is also applying for federal tax credits. If you have a project for which you have applied for the Historic Federal Tax Credit Program and you have already had ‘Part Two’ that has been approved by HPO, then what we're going to do is we're going to take that approval from HPO. We are not going to go through the detailed review because we will accept the review that HPO has conducted as an equivalent, and we won't have to go through that review a second time. Therefore, there is a discount, and in this case it would be for a program a project that has gotten that approval that fee would be $5,000, versus one a project that has not gotten that previous approval which will be $10,0000.

Then the last two standard fees. We have a ‘certification fee,’ which is [required] at the time, you're asking for your certificate when you finish a phase or when you finish your project. And that's $5,000. Then a ‘transfer fee’ and that's when you're looking for a transfer certificate to sell or transfer that credit and that's also $5,000.

We also understand that there's cases where sometimes there might be a need for a modification or a change order if something has changed. Unforeseen circumstances have come up. Depending on the type and size of that modification, if it's something that is an administrative type of change, that would be $2,500 fee. A major change that likely would have to go to the board for approval, then that is $5,000.

For projects that cost over $10 million, we have the same fee structure than we did for the other projects, the discount on the federal tax credit here, for prior review is $14,000 versus $28,000. The numbers then are all slightly higher for this larger project, if it's over $10 million of eligible cost.

Finally, we have the transformative projects, which again, the fee structure here is significantly higher because it's based on a potential tax credit of up to $50 million, so it's a significantly higher credit. Another thing that I wanted to point out with regards to the fees, is that these fee structure are put together based on expected costs for administering the program and fee structures that have been complete and prepared for other programs in EDA.

Lastly, with regards to fees we have some additional potential fees. We offer two fees for two different types of potential extensions. They're both six months extensions - one is for an extension that you would need prior to the agreement. So this is after the approval, but before the agreement, you have a one-year term timeframe to be able to complete that phase. So if for some reason you were stuck on this, you're missing some of the documentation you needed to submit, there was something that you were not ready, maybe you have everything, but you're not ready to break ground at that moment, so you don't want your clock to start, then that's that a six-month extension, [fee] based on this type of project and size, $2,500, $5,000 or $10,000.

Then there's a similar six-month extension, which is post project completion. There's a time frame of a year after project completion, which is occupancy, building going into service from that point to when you have to provide all the certifications for your final payments and everything done to be able to get your final number for your credit. That [fee] is the same amount of $2,500, $5,000 and $10,000.

And then there's an agreement transfer fee in the case that for some reason the applicant business entity for whatever reason may find himself in need or deciding to transfer their agreement to somebody else. They're not going to be able to finish or they don't want to finish the project and they sell the interest of that, or give the interest on the project to somebody else, there will be a fee for that transfer.

I think that is all I have. I give it back to Patience.

Patience Purdy: Thank you Aidita. So, now we are at the public feedback portion of the listening session. As I said earlier in the program, what you'll want to do if you're going to provide public comment is raise your hand in the chat. That will, or in the raise your hand with the Zoom raise your hand, and that will put you in order for providing public comment. What we'll do is unmute you and then ask you to provide your name, where you're calling from, what kind of organization you're calling from, and give you three minutes to provide that feedback. In addition, as we've put into the chat a couple of times you can provide written feedback at http://www.njeda.com/economicrecoveryact/program-specific-feedback/.

So, it's always hard to be the first one, but I encourage you. It's a good moment to get your thoughts out there, and help us by understanding what your thoughts are on this program. We'll hang here for a few minutes, and see if anyone's willing to jump into the water with us.

	There we go John Hatch, hold on just a minute I'm going to unmute you John. You should be unmuted, then I think you have to just click to unmute yourself, and you should be ready to go great.
John Hatch:	Can you hear me?
Patience Purdy:	I can hear you, John. Good afternoon.
John Hatch:	Good afternoon, thank you for the presentation. It was super, super helpful. I'm a principal with Clark Caton Hintz, and also with Hx2 Development. So, the question for the multi-phase projects, does the tax-credit limit apply for instance if the multi-phase project or multi-year project has several buildings? Does the tax credit limit apply to the project as a whole or each building? Then do you know do you have to do a separate application for each building? Do you see what I mean?
Aidita Milsted:	Yes, you have to start at first with a difficult question. The statute defines property as a structure singular. So, at this point based on that there's an exception if you have some structures that are minor structures, I'm going to say you know, you can argue that maybe a carriage house is not really the main structure. So that still if it's contributing accounts or privy or an ice house or whatever it may be subsequent structures. If you have multiple structures that are equal, the way the statute is written right now it's one property, one building.
John Hatch:	Got it, okay. I have a second question, if that's okay?
Patience Purdy:	Please.
John Hatch:	My second question is, what is the definition of equity that you are using?
Aidita Milsted:	So, the rules actually have a definition of it that provides a little more information, but for the most part it does include some soft costs, which can be covered on the on their ‘equity.’ There's some costs associated, I believe, with property purchasing, as well as some feasibility types of studies also covered under it. But I would recommend that you look at the definition as it is actually specifically defined.
John Hatch:	Okay thank you, no problem.
Patience Purdy:	Thanks, John. Okay, any other clarifying questions about the rules or comments about the presentation in general? Hi, Dan. I'm going to unmute you, you should be ready to go if you just introduce yourselves tell us where you're calling from, and what type of organization that is.
Daniel Brenna:	Sure. Dan Brenna, Ajax Management, based in Trenton. And I'll follow up on John's question, because I think it's important. Let's say there's two buildings on one property and you do them one at a time. According to one of the slides I saw there's a 24-month requirement to complete the project. Let's just say the first building takes 18 months and the second one takes 18 months, how do you envision dealing with something like that? Where maybe it's phased, but it's the same project would that be something that becomes Master Plan or how would you

	envision trying to make sure that a property with maybe two buildings on it could be developed through this program?
Aidita Milsted:	If it is defined as the same project, if you have two separate buildings, you can very much argue that they're two separate phases. The statute talks about distinct phases that are in the drawings and specs. The rules further clarify that they have to be, again, in the drawings and specs, but ultimately that results in some kind of document, either from the architect or permitting. So, if you have two buildings, I think you can very easily justify that - the expectation is that the phasing is something that would apply. For example, if you have a building where you're putting a new addition, and you build the addition first and then you move people to that or you have buildings that will continued to be occupied but that are covered by separate permits. So you can have separate permits, TCOS, or Certificate of Occupancies, or any kind of closing mechanism of a permit and those could all be viewed as a separate phase.
Daniel Brenna:	And that separate phasing of two buildings would fall under one project which would have the one project cap of either $4 or $8 million?
Aidita Milsted:	Correct.
Daniel Brenna:	In order to get outside of that cap, I guess, you'd have to break them apart maybe split up the ownership of the project. And, let's just say for argument's sake, just theoretically, there are two buildings on one property and you could subdivide it and it's two projects now, two properties, can those both go in at one application as phased so at least they're both approved at the same time? So that you know once you're done number one, you can do number two through the program?
Aidita Milsted:	So, the trick with this is, that because it's a competitive program there's no certainty that you get one, you'll get the other if you separate them. The other thing is, for them to be separate projects, that they would have to be distinct separate projects you know, whether it's the ownership, financing, and the like, would have to be distinctly different. So when you have multiple buildings on a property, the way the statute is written on this, is a little trickier for that reason, particularly if you have equal type of buildings.
Daniel Brenna:	Okay and are you as part of this process today, seeking public feedback on things like this, where the program might preclude opportunities for a site that has multiple buildings on it that one application might not do the job on it?
Aidita Milsted:	We're looking for comments on anything that you think that it could be an impediment for you to apply for the project you think something may work or not work. Anything like that. For something like this, I would strongly recommend that you submit something in writing explaining, to go through the website and submit something, and explain how that would affect a project that you envision. Anything that you're looking at that you think the way it is written could potentially impede the ability for the program to be used or function properly, or whatever it may be, we do want to hear about it greatly.
Daniel Brenna:	There was one slide there - and I apologize because someone distracted me there - you talked about the lowest amount you can sell this tax credit for is 85% of the face value, right? Is this tax credit going to be utilized where the buyer can use it in that calendar year?
Aidita Milsted:	It is to be used starting on the calendar year - the tax people would call it the ‘vintage year’ that it was issued so it is that the year that it was issued on. And it is 85% or 75% for residential with low-income federal low-income tax credits.
Daniel Brenna:	What's the 75% number?
Aidita Milsted:	For projects that are residential projects with new residential units that are also receiving federal low-income housing tax credits.

Daniel Brenna:	So, if the project receives federal low-income housing tax credits, you're allowed to sell it at 75%?
Aidita Milsted:	Correct.
Daniel Brenna:	I thought I saw another number of 70% on the slide and I missed that because it turned too quickly. What was that number?
Aidita Milsted:	No, it is 75 and 85.
Patience Purdy:	I'm going to just quickly say, Caitlin can you put up slide number thirty? And that way it can be right up there.
Aidita Milsted:	I was also going to let you know the slides are available on our website, so you can go in and download the entire deck for the presentation today.
Daniel Brenna:	Okay, perfect, thank you.
Aidita Milsted:	No problem.
Patience Purdy:	Okay, I'm not seeing another hand raised at the moment. Again you can always submit, and we encourage you to submit, your feedback and your questions online www.njeda.com/economicrecoveryact/program-specific-feedback/. Make sure that you do that through December 23rd, which is just a mere three days away. Dan please put that in writing and send it to us so we can take a look at that. Are there any other comments or questions clarifying that anyone would like to provide before we close for the afternoon? If not then, we thank you all for staying with us, joining us, listening and wishing you a wonderful holiday season. We appreciate your time, we appreciate you taking the time and all of this is available at the njeda.com website. Thanks so much and have a great afternoon.