



New Jersey Economic Development Authority

REQUEST FOR INFORMATION ("RFI")

2022-RFI-Diversity & Inclusion-141

for

Barriers Minority and/or Women Owned Real Estate Developers Face in Accessing Capital

1. INTENT/SUMMARY OF SCOPE

The New Jersey Economic Development Authority ("Authority", "NJEDA"), is an independent Authority of the State of New Jersey and is seeking information to better understand the challenges faced by minority and women owned developers ("MWDE") in New Jersey in accessing capital, especially businesses that are engaged in the development of residential and commercial real estate. Access to capital is critical for the success of any business owner. A lack of access to capital can impede the ability of business owners to maintain cash flow, cover operating costs, and/or start or expand a business. Recent studies have found that minority and women-owned businesses have greater difficulty gaining access to capital than other businesses. One study reported that 82% of entrepreneurs of color say they must work harder compared to their non-diverse peers. Another study found almost 60% of women entrepreneurs say they do not have the same access to capital as their male counterparts. A report in Chicago noted that MBE developers face several hurdles, including poor access to and high cost of debt capital, and weak ties to sources of equity funding.

Governor Murphy and the NJEDA are exploring a diverse developer fund to help grow existing MBWE developers by addressing barriers to capital. The purpose of this Request for Information ("RFI") is to inform the fund's guidelines. The NJEDA is seeking information and ideas from qualified entities ("Respondents"), including but not limited to minority and/or women-owned developers, Community Development Finance Institutions, community development lending units of medium and large banks, other mission-based lenders, community development organizations that work closely with MWDE developers, state and local government entities, and other stakeholders with perspectives on structural barriers and disparities encountered by real estate developers owned by minorities and/or women in terms of access to capital. The NJEDA also seeks interest and ideas on solutions to address those obstacles, including but not limited to, existing programs that address the disparities in financing available for residential and commercial development. The NJEDA is interested in receiving comments, questions, recommendations, facts, information, ideas, and responses that will help the NJEDA better understand the scope and characteristics of access to capital and other forms of financing available to underserved real estate developers

2. BACKGROUND

The New Jersey Economic Development Authority serves as the State's principal agency for driving economic growth. The Authority is committed to making New Jersey a national model for inclusive and sustainable economic development by focusing on key strategies to help build strong and dynamic communities, create good jobs for New Jersey residents and provide pathways to a stronger and fairer economy. Through partnerships with a diverse range of stakeholders, the Authority creates and implements initiatives to enhance the economic vitality and quality of life in the State and strengthen New Jersey's long-term economic competitiveness.

In *The State of Innovation, Building a Stronger and Fairer Economy in New Jersey*, the State's comprehensive Economic Development Plan released in October 2018, Governor Murphy reiterated the importance of supporting the small business community in New Jersey, which employs more than 50% of New Jersey residents. Two of the five explicit goals of the plan are "Closing the racial and gender wage gaps and Encouraging thriving and inclusive New Jersey urban centers and downtowns, with a focus on reducing poverty." Governor Murphy's plan also committed to a New Jersey future that supports all the State's businesses, specifically calling out the importance of ensuring that underserved businesses have enhanced access to the capital, programs, and networks that they need to successfully start and scale their businesses.

This RFI focuses on the challenges faced by, and potential solutions for increasing capital available to underserved developers and is one of several steps being taken by the Authority and the Murphy Administration to address the goals of the State's Economic Development plan. Understanding the importance of addressing the existing barriers to create a stronger and fairer economy, NJEDA will continue to engage and connect with other state entities to determine additional resources that may be utilized in reducing the necessary capital needed to acquire/rehabilitate proposed project(s), including:

- **New Jersey Housing and Mortgage Finance Agency ("NJHMFA")**, which provides financing, and access to affordable rental housing and homeownership opportunities for low and moderate-income families, older adults, and individuals with specialized housing needs;
- **The New Jersey Redevelopment Authority ("NJRA")**, which operates as a catalyst to improve the quality of life by creating value in New Jersey's urban communities; and
- **The Department of Community Affairs ("DCA")**, which aims to provide administrative guidance, financial support and technical assistance to local governments, community development organizations, businesses and individuals to improve the quality of life in New Jersey.

3. ELIGIBILITY CRITERIA (If applicable)

This section is not applicable to this RFI.

4. RFI RESPONSE QUESTIONS

Please answer all questions below that are relevant to you or your organization, to the best of your ability. You can but need not answer any question that does not pertain to you or your organization. Feel free to structure your response and add information beyond these questions to increase clarity and efficiency. Answers to these questions are understood to be preliminary and non-binding.

1. What current obstacles in public and private funding programs should this fund address?
2. Have you observed business practices that provide differential challenges to MWDE real estate developers compared to their professional peers? For example, have you observed business practices and/or standards that result in different interest rates quoted; joint venture equity stakes sought; underwriting standards used; debt-coverage ratios set or reserves required; fees charged; personal income or asset thresholds utilized; legal standards applied; surety bonds required; or other business practices that increase the cost of debt, make credit harder to obtain, devalue contributed equity or require greater equity contributions, or otherwise differentially constrain economic opportunity for MWDE real estate developers?
3. If there are differential business practices you have observed, which have had – or continue to have – the greatest negative effect on your ability to advance real estate projects?
4. At what project stage do MWDE developers most need capital?
5. The fund is exploring a number of eligible uses and investments. Please rate each of the potential uses on a scale of 1 to 5 (with 5 being the most critical) in addressing barriers to capital for MWDE developers:
 - a. Acquisition _____
 - b. Early Stage/Predevelopment _____
 - c. Subordinate Debt _____
 - d. Guarantee _____
 - e. Tax Credit Bridge Loan _____
 - f. Other _____
6. Are there existing programs or models across the country that this fund should emulate? For example, are there credit enhancement models that you have observed in other states, at the Federal level, or in other program settings that could offer a model for MWDE credit enhancement and that could be implemented in New Jersey?
7. What range of project size, or total development cost (inclusive of acquisition), should this fund target?
 - a. Under \$1 million
 - b. \$1 to \$5 million
 - c. Over \$5 million

8. What should the maximum loan to cost ratio be for investments?
9. What should the maximum interest rate be for any loan or equity investment?
10. What should the maximum repayment term, or length of loan in years, be?
11. Which types of projects should be eligible (Please circle as many as you wish)?
 - a. Market rate residential or commercial
 - b. Affordable Housing
 - c. Acquisition of Existing Asset
 - d. Community facility
 - e. Other
12. Which communities/municipalities should this fund target? Why?
13. Are there existing lending programs that this fund should be leveraged with?
14. Are there existing partners that the fund should collaborate with? How?
15. What other policy measures will help the fund succeed?

Additionally, please provide the following personal information:

16. Please provide information on your company, group, government entity, or self and your experience, capacity and qualifications with respect to MWDE Developers and/or their access to capital.
17. What is your experience with, and understanding of, the real estate development environment, both private and public, specifically in New Jersey?
18. Please include prior experience related to real estate development, inclusive of residential and commercial properties.

5. **QUESTIONS AND ANSWERS** (From Respondents to the EDA)

All questions concerning this RFI must be submitted in writing no later than **Friday, May 6, 2022** via e-mail to: MWDE-BarriersRFI@njeda.com.

The subject line of the e-mail should state: "QUESTIONS-2022 RFI-DI-141 - MWDE RE BARRIERS".

Answers to questions submitted will be publicly posted on the Authority's website under the RFIs section, on or about **Friday, May 13, 2022**.

IT IS THE RESPONDENT'S RESPONSIBILITY TO CHECK THIS URL REGULARLY FOR UPDATES.

6. **RESPONSE DETAILS** (Info Provided to Respondents Regarding Document Submission)

All RFI responses must be submitted in writing no later than **11:59 PM EST, on Friday, May 27, 2022** via e-mail to: MWDE-BarriersRFI@njeda.com.

The subject line of the e-mail should state: "RFI Response-2022-RFI-DI-141 - MWDE DEVELOPER BARRIERS."

7. **FOLLOW-UP QUESTIONS** (from EDA) / **ADDITIONAL INFORMATION**

Respondents may be asked to provide additional information to allow the Authority to better understand the responses.

8. **PROPRIETARY AND/OR CONFIDENTIAL INFORMATION**

The Authority reserves the right to copy any information provided by the Respondents. The Authority reserves the right to use ideas that are provided by or through Respondents. By submitting a Response, the Respondent represents that such copying or use of information will not violate any copyrights, licenses, or other agreements with respect to information submitted or product solutions demonstrated, if applicable. Responses must clearly be marked for any information the Respondent deems Proprietary and/or Confidential.

9. **DISCLAIMER / NO OBLIGATION**

This RFI is not a request for qualification/proposal. It will not result in a contract award. It may or may not result in any further action.

This RFI is issued solely as a means of gathering information. Interested parties responding to this RFI do so at their own expense. There will be no monetary compensation from the Authority for the time and effort spent in preparing the response to this RFI. All expenses incurred are the sole responsibility of the Respondent.

Should the Authority decide to move forward and issue an RFQ/P or announce a program/product related to this RFI, Respondents need not have submitted a response to this RFI in order to be eligible to respond to the RFQ/PP. Should an RFQ/P be issued, responding to this RFI will not affect scoring or consideration for that process.

The Authority is under no obligation to contact Respondents to this RFI.

10. NEW JERSEY OPEN PUBLIC RECORDS ACT

Respondents should be aware that responses to this RFI are subject to the “New Jersey Open Public Records Act” (N.J.S.A. 47:1A-1 et seq.), as amended and including all applicable regulations and policies and applicable case law, including the New Jersey Right-to-Know law. All information submitted in response to the RFI is considered public information, notwithstanding any disclaimers to the contrary, except as may be exempted from public disclosure by OPRA and the common law.

A person or entity submitting a response to this RFI may designate specific information as not subject to disclosure pursuant to the exceptions to OPRA found at N.J.S.A. 47:1A-1.1, when such person or entity has a good faith legal and/or factual basis for such assertion (i.e. information that may be included in another ongoing public procurement or solicitation). The Authority reserves the right to make the determination as to what is proprietary or confidential and will advise the person or entity accordingly. The Authority will not honor any attempt to designate the entirety of a submission as proprietary, confidential and/or to claim copyright protection for the entire proposal. In the event it receives an OPRA request that encompasses the response, the Authority will redact any information that is not subject to OPRA, including proprietary and/or confidential information. In the event of any challenge to the Respondent’s assertion of confidentiality with which the Authority does not concur, the Respondent shall be solely responsible for defending its designation.