

*Information Session*  
**Construction Inflation Fund**

*February 28, 2023*



# Overview & Program Goals

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## Overview

- Construction Inflation Fund Program (*Real Estate Gap Financing*)
- Announced in **Governor Murphy's Fiscal Year 2023 State Budget**
- \$10 million, federal American Rescue Plan – Coronavirus State and Local Fiscal Recovery Fund (SLFRF)

## Goal

- Provide funding to real estate development projects that have/are experiencing increased construction costs and project funding gaps resulting from the pandemic and/or pandemic related supply chain disruptions

# Eligible Projects

- ▶ Real estate development projects of at least \$5 million total project costs
  
- ▶ Type of projects:
  - Commercial/Office
  - Manufacturing
  - Mixed Use developments which may include residential and must comply with A500 housing affordability provisions (P.L. 2008, c.46)
  - *Note that any warehouse uses must be ancillary & in direct support of the site's primary uses*
  
- ▶ **Ineligible projects** --- industrial/warehouse; 100% retail;
  
- ▶ Projects that have started construction are eligible only if already a Prevailing Wage or Davis Bacon project

# Budget & Funding Parameters

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## Program Budget

- **\$10M** (from Governor Murphy's Fiscal Year 2023 State Budget)

## Funding Parameters

- **Grant Funding** to be provided based on demonstrated cost increase and funding gap
- Minimum funding of \$500,000 and Maximum funding of \$5,000,000 per project
- Funding may not exceed 20% of Total Project Costs
- Application Fee: \$1,000

# Eligible Applicants

▶ **Federal Eligibility Requirement:** Applicants must be **small businesses undertaking an eligible real estate development project**

▶ Small business as defined in 87 Fed. Reg 4376-77 <https://www.govinfo.gov/content/pkg/FR-2022-01-27/pdf/2022-00292.pdf>

▪ *Small businesses eligible for assistance are those that experienced negative economic impacts or disproportionate impacts of the pandemic and meet the definition of “small business,” specifically:*

- ✓ *Have no more than 500 employees, and*
- ✓ *Are a small business concern as defined in section 3 of the Small Business Act (which includes, among other requirements, that the business is independently owned and operated and is not nationally dominant in its field of operation).*

▶ **Must be a registered New Jersey company** in good standing with the state by the time of Approval (Tax Clearance, DOL, and DEP checks) and not federally debarred (federal SAM check).

# Federal Considerations

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- ▶ Project must **demonstrate Covid/Pandemic negative impact of increased costs**  
(i.e. construction contract price increase)
- ▶ Project must **demonstrate funding gap**
- ▶ Project **costs must be reasonable** and financing is subject to **Duplication of Benefits** review
- ▶ Projects must meet timeline of **obligated by 12/31/2024** and fully expended by 12/31/2026
- ▶ Projects will be **subject to Prevailing Wage Law & compliance with other labor standards requirements**

# Application

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## Online – EDA Common Application plus:

- Project overview
- Narrative describing COVID impact and related cost increases and must provide narrative re two capital expenditure alternatives**
- Project Budget, Proforma/cashflow projections, **Evidence of Financing**
- Construction contract documents and evidence of efforts to reduce costs**
- Narrative and **documentation of local review and approvals/permits**
- Project development timeline
- Applicant's organizational documents confirming eligibility as small business
- Narrative and documentation of experience and capacity
- Evidence of commitment of 50% developer fee deferral**

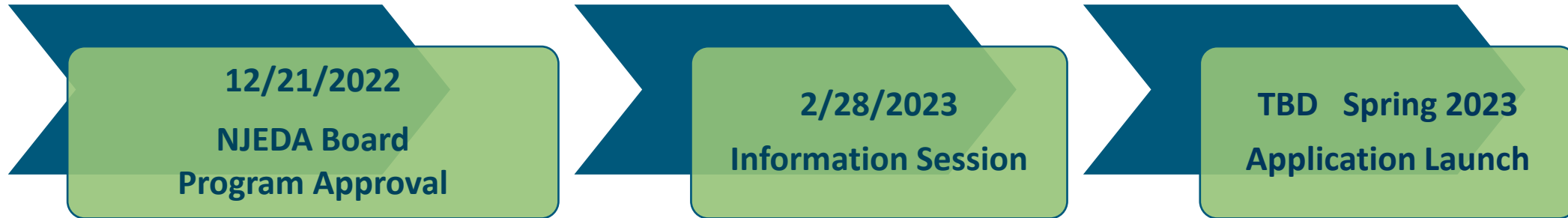
# Scoring Criteria:

## 65 Points minimum score for funding

| Scoring Criteria   | Available Points |
|--|------------------|
| <i>Project proposal (community and economic growth impact and benefits of project)</i>   | 25               |
| <i>Project feasibility and cost effectiveness</i>  | 15               |
| <i>Readiness to proceed</i>  | 35               |
| <i>Experience and capacity of applicant and development team</i>   | 20               |
| <i>Efforts to reduce costs</i>   | 5                |
| <i>Bonus points for location within low- or moderate-income community or qualified census tract; participation by NJ certified Women, Minority, Veteran Business enterprises</i> | up to 4 pts.     |
|  |                  |



# EDA Review Process



- ▶ Application Online; Minimum 60-day Application Submission Period
- ▶ Completeness and **Federal funding eligibility** review
- ▶ Application Evaluation/**Scoring**
- ▶ **Board review and approval** for project funding
- ▶ **Closing – Grant Agreement** with all federal requirements
- ▶ **Project Monitoring** – LSC review, construction progress and funds disbursement

# Q&A

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For questions/inquiries please contact:

[realestateinfo@njeda.com](mailto:realestateinfo@njeda.com)

*<https://www.njeda.com/construction-inflation-fund/>*

*Information Session*

# NJ Construction Inflation Fund

Learn about this program and how it will provide grants to support real estate development projects that have experienced increased construction costs and project funding gaps as a result of COVID-19.

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**Tuesday, February 28, 2023**

10:00 to 11:00 a.m.

