



Historic Property Reinvestment Program (HPRP) Frequently Asked Questions

(Revised 07/20/23)

This Historic Property Reinvestment Program (HPRP) “Frequently Asked Questions” (FAQ) resource is intended to help anyone interested in the HPRP to better understand how the program works. The FAQ is an effort to help readers understand key information points from the rules and to help clarify terms in the rules that may be challenging to understand without a background in legislative, administrative, and regulatory language use. The HPRP rules are available [here](#).

This FAQ resource will be updated over time as additional questions emerge. Your contributions will help make this resource more useful. Please send any additional questions or comments to HistoricTaxCredit@njeda.gov.

THINGS TO KNOW BEFORE YOU APPLY

What is the Historic Property Reinvestment Program and how is it administered?

The Historic Property Reinvestment Program is a historic tax credit program for historic income producing properties that encourages the rehabilitation of previously identified and listed historic structures within the state of New Jersey. The program is administered by the New Jersey Economic Development Authority in coordination with the New Jersey Historic Preservation Office and the New Jersey Division of Taxation in the Department of the Treasury.

How do I know if I am eligible for the program?

The [eligibility self-assessment tool](#) can walk you through the basic eligibility criteria for the program before you begin the application process. Detailed information on eligibility requirements can be found within the rules for the program, under N.J.A.C. 19:31-26.3.

How do I know if my property is “previously identified as historic”?

To be considered previously identified as historic, a property must have been designated as historic by at least one of the following:

- National Register of Historic Places
- New Jersey Register of Historic Places
- New Jersey Pinelands Commission
- A Certified Local Government (CLG)

A CLG is an individual local government who has received a designation reflecting that the local government has been jointly certified by the State Historic Preservation Officer and the National Park Service as having established its own historic preservation program meeting Federal and State standards.

How can I confirm that a property has been designated as historic?

- For the NJ and National Registers, listing can be confirmed with DEP’s Historic Preservation Office’s online database [“LUCY”](#).
When looking at designation in DEP’s “LUCY: NJ’s Cultural Resources GIS Online Map Viewer”, double check the map’s legend to confirm that if the property is marked in the map, it shows as “listed” in either the National Register and/or the New Jersey Register. Please note: a certificate of eligibility or SHPO recommendation does not meet this criterion- the property **MUST** be listed.
- For a NJ Pinelands Commission designation, you must obtain a letter from the Pinelands Commission confirming designation. (<https://www.nj.gov/pinelands/>)
- For a designation issued by a Certified Local Government (CLG), you must obtain a letter from the CLG confirming the designation. (https://www.nj.gov/dep/hpo/3preserve/clg_links.htm)

Is previously completed rehabilitation work eligible for the Program?

The program does not apply to previously completed rehabilitation work. Furthermore, to be able to apply for the program, the applicant must not have commenced any construction or rehabilitation activity at the site of the rehabilitation project prior to submitting an application and cannot commence any construction or rehabilitation activity until the execution of the rehabilitation agreement (with certain limited exceptions).

Can I apply to the Historic Property Rehabilitation Program and the Federal Tax Credit Program at the same time?

Projects must apply to each program separately. The Federal historic tax credit program is administered by the National Park Service (NPS) and the Internal Revenue Service (IRS) in partnership with the State Historic Preservation Offices (SHPOs). For more information about how to apply for federal historic tax credits go to <https://www.nj.gov/dep/hpo/3preserve/itc.htm>. However, if you plan to apply to both programs you must have submitted a Part 2 form under the Federal Historic Tax Credit Program prior to submitting your application under the HPRP. Not having proper documentation showing proposed use/monetization of Federal Historic Tax Credits (if the applicant intends to use them as part of their financing stack for the project), may cause the NJEDA not to be able to complete necessary underwriting review, which may result in a declination of an application, or reduction and/or recapture of credits at project completion.

Can I make substantial changes to the building and still qualify for the tax credit?

The proposed rehabilitation work must be completed in a manner consistent with the historic character of the structure(s) and, where applicable, the district in which it is located and in substantial compliance with the Secretary of the Interior's Standards for Rehabilitation pursuant to 36 CFR 67.7.

You can find the Secretary of the Interior's Standards for Rehabilitation under 36 CFR 67.7. Additionally, the National Park Service has a number of resources available, including information within their Technical Preservation Services: (<https://www.nps.gov/tps/standards/rehabilitation.htm>).

GENERAL PROGRAM INFORMATION

Can I also apply for other NJEDA programs?

We encourage applicants to explore all programs that NJEDA offers. The Authority is committed to making programs "stackable" for all applicants that apply and meet the individual program qualifications. We will work with you and our team at NJEDA to find what works for your project.

How is the value of the tax credit calculated?

Value of the tax credit is calculated based on a percentage of the cost of rehabilitation (eligible costs), with actual percentages dependent on the type of property (e.g., whether it is a qualified property or a transformative property) and on location of the project.

Can I transfer or sell the tax credits?

A business entity or co-applicant who has received a tax credit under the Historic Property Reinvestment Program should show that this credit will be monetized. In order to do so, they must request a tax credit transfer certificate and may sell or assign, in full or part, the tax credit transfer certificate to another taxpayer in exchange for private financial assistance. The tax credit transfer certificate may not be sold or transferred for less than 85 percent of the transferred credit amount, except that for residential project consisting of newly constructed residential units that has received federal low- income housing tax credits and have a plan approved by HMFA and NJEDA can sell credits for no less than 75 percent of their nominal value. A purchaser or assignee of a tax credit transfer certificate shall not make any subsequent transfers, assignments, or sales of the tax credit transfer certificate.

Do I need to own the property to apply for the Program?

At time of application to the program, the applicant must show that it has or will have site control over the qualified property or transformative property prior to the start of the project. Site control must continue for the entire duration of the project and extend at least until the end of the compliance period under the program.

How long do I have to complete the rehabilitation project?

The program allows applicants to choose a “**Selected Rehabilitation Period**”: 24-month period for projects to be completed in a single phase, or a 60-month period for projects that will be completed in distinct phases. The selected rehabilitation period for a project starts on the date the rehabilitation period is executed and concludes at the earlier of either 24 or 60 months, or the issuance of the final temporary certificate of occupancy or equivalent.

What if there are changes or modifications midway through the project?

Once a rehabilitation project has been approved by NJSDA’s Board, changes in the work as detailed within the rehabilitation agreement, including, but not limited to, demolition or removal of historic fabric, any change in the treatment of historic finishes, any change in the layout or proposed uses of the property, a reduction in the amount of the total cost of rehabilitation or cost of the rehabilitation, or any change in the financing require prior review and written approval by the Authority. A business entity may submit a request for a modification to the project at any time during the course of the project; however, a Modification Fee will apply to the review of such request. To be considered for approval, the revised rehabilitation project must continue to meet the requirements for the rehabilitation of a qualified property or transformative property as defined under the program. Regardless of whether an approved modification requests result in an increase to project costs, the amount of the tax credit award will not be increased from the amount approved the NJEDA’s Board following original submission.

What criteria must a project meet in order to apply to the Historic Property Reinvestment Program?

In order to apply to the Historic Property Reinvestment Program a project must be income producing, located within the State of New Jersey and meet eligibility requirements for the program. The main eligibility requirements for the program include:

1. Historic Property – The property must have been previously identified as historic and meet the program’s definition under either “qualified property” or “transformative property” (see definitions below).
2. Economic Feasibility – Business entity (which is the applicant) must demonstrate at the time of the application that without the tax credit, the rehabilitation project is not economically feasible.
3. Project Financing Gap – Applicant must prove that a project financing gap exists and that the tax credit award being considered for the project is equal or less than the project financing gap.
4. Commencement of Construction – The business entity must not have started any construction activity at the site prior to submitting the application or execution of the agreement. Extremely limited exceptions to this rule can be exercised, mainly regarding unexpected or unforeseen damage in need of immediate attention.
5. Project Equity – The project must include business entity-contributed capital of at least 20 percent of the Total Cost of Rehabilitation (Total project cost). There is one exception to this requirement, which is that for projects located within a Government Restricted Municipality (GRM), the business entity contributed capital needs to be a least 10 percent rather than 20.
6. Cost of Rehabilitation – The program has a requirement for a minimum cost of rehabilitation to be able to qualify as follows: the cost of rehabilitation (eligible costs) cannot be less than either the adjusted basis of the structure of the qualified or transformative property (in short, the value of the building) at the beginning of the selected rehabilitation period (start of the project), or \$5,000, whichever is higher.
7. Residential Project Requirements – There are two main requirements for residential projects: 1) the structure must serve a residential, income producing rental purpose and contain at least 4 dwelling units, and 2) if the project consists of the newly-constructed residential units, then there is a requirement for at least 20 percent of the constructed units to be reserved for low- and moderate-income households.
8. Finally, the project must be a Rehabilitation Project. Rules for the program define a rehabilitation project as “A specific 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”.

What is the Cost of Rehabilitation (Eligible Costs)?

Eligible costs are all costs associated with the structural components, as defined by 26 CFR 1.48-1(e)(2), within the qualified property or transformative property, and any soft costs associated with the rehabilitation project. Expenses related to new heating, plumbing and electrical systems are also eligible, as well as expenses related to updating kitchens and bathrooms, compliance with ADA, and fire suppression systems and fire escapes. Eligible costs do not include any costs associated with an increase in total building volume.

The term “structural components” as defined by 26 CFR 1.48-1(e)(2) includes parts of a building such as walls, partitions, floors, and ceilings, as well as any permanent coverings such as paneling or tiling; windows and doors; all components (whether in, on, or adjacent to the building) of a central air conditioning or heating system, including motors, compressors, pipes and ducts; plumbing and plumbing fixtures, such as sinks and bathtubs; electric wiring and lighting fixtures; chimneys; stairs, escalators, and elevators, including all components thereof; sprinkler systems; fire escapes; and other components relating to the operation or maintenance of a building.

What is a Soft Cost?

“Soft costs” means costs not directly related to construction, including capitalized interest paid to third parties, real estate taxes, utility connection fees, accounting, title/bond insurance, fixtures/equipment with a useful life of five years or less, affordable housing fees, and all costs associated with financing, design, engineering, legal, or real estate commissions, including, but not limited to, architect fees, permit fees, loan origination and closing costs, construction management, and freight and shipping delivery. The term does not include early lease termination costs, air fare, mileage, tolls, gas, meals, packing material, marketing and advertising, temporary signage, incentive consultant fees, Authority fees, loan interest payments on permanent financing, escrows, reserves, preopening costs, commissions and fees to the developer, project management, or other similar costs.

What is a Qualified Property?

A Qualified Property Project is eligible to receive tax credits worth up to 40% of eligible costs. The property must be income producing, located within the State of New Jersey, and must have been identified within at least one of the following designation categories/groups:

- Listed in the National Register of Historic Places
- Listed in the New Jersey Register of Historic Places
- Identified as historic by the Pinelands Commission
- Identified or registered for protection by a Certified Local Government.

In all instances, the property may be either individually identified/listed, or be included as part of a historic district. If part of a district, it must have been identified as contributing to the historical significance of the district.

What is a Transformative Property?

Transformative Property Projects are eligible to receive tax credits worth up to 45% of eligible project cost. The property must be located within the State of New Jersey, and must meet the following requirements:

- Be an income producing property;
- Cannot be a residential property;
- Must demonstrate that the project will generate substantial increases in State revenues through increased business activity within the surrounding area;
- Be individually listed on the New Jersey Register of Historic Places;
- Have received a Determination of Eligibility from the Keeper of the National Register of Historic Places prior to the enactment of the Historic Property Reinvestment Act; and
- Be located within a one-half mile radius of the center point of a transit village, as designated by the New Jersey Department of Transportation, **and** located within a city of the first class; **or** located within a government-restricted municipality.

What is a Government Restricted Municipality?

The New Jersey Economic Recovery Act of 2020 defines Government Restricted Municipality (GRM) as a municipality in this State with a municipal revitalization index distress score of at least 7, that met the criteria for designation as an urban aid municipality in the 2019 State fiscal year, and that, on the effective date of the Act, is subject to financial restrictions imposed pursuant to the Municipal Stabilization and Recovery Act **1**[of 2016]**1**, P.L.2016, c.4 **1**[(52:27BBBB-1)] (C.52:27BBBB-1 et seq.)**1**, or is restricted in its ability to levy property taxes on property in that municipality as a result of the State of New Jersey owning or controlling property representing at least 25 percent of the total land area of the municipality or as a result of the federal government of the United States owning or controlling at least 50 acres of the total land area of the municipality, which is dedicated as a national natural landmark.

Currently there are 3 GRMs in New Jersey: Atlantic City, Paterson, and Trenton.

Does my project have to meet Green Building Construction Requirements?

While the rehabilitation of an existing building could be seen as the ultimate green project which maximized the use of existing materials while reducing waste, the Historic Property Reinvestment Program does not include any Green Building Construction Requirements.

What is the Compliance Period?

The Compliance Period is a period of five years starting immediately after the conclusion of the selected rehabilitation period.

APPLICATION PROCESS

Is there a deadline to apply for the Program?

Yes. The program is a competitive program, with applications being submitted within a pre-established application window by a set deadline. Application deadlines will be publicly announced and posted to NJEDA's website.

What is the process once my application is received? When will I hear from NJEDA?

Review of all applications received will commence once the application window closes. An applicant should expect to hear from NJEDA about a month after review starts. The multidisciplinary review of all applications includes: sister agency review, legal review, review of eligible costs, underwriting review, and evaluation and scoring of scorable criteria. During the course of the application review, the applicant will receive email updates as specific review milestones are reached. Additionally, an applicant may be contacted by NJEDA staff with requests to provide clarification of some of the information provided as part of your application.

How long is an approval from start to finish?

Review process under the program can be extensive and requires NJEDA Board approval. As a result, from the date the application window is closed, an applicant can expect that it can take up to six months and up to a year to receive an approval.

How do I know if, and when I am approved?

Once review of your application has been completed, NJEDA staff will contact you to let you know about the outcome of your completed review and to advise you of the Board meeting date where the recommendation for approval or declination for your project will be scheduled. Projects proposed for approval will be required to pay the corresponding Approval Fee at this time. Following conclusion of the meeting, and once the Governor's veto period has expired, you will receive an approval letter that outlines all requirements and conditions to your approval. In the unlikely event that the recommendation for approval of your project is denied by the Board (or vetoed by the Governor), your Approval Fee will be reimbursed.

Do I need a consultant to apply to the program?

The program rules require that drawings and specifications be prepared in consultation with a Historic Architect and/or Architectural Historian, but there is no requirement for an applicant to use additional consultants to either prepare or submit an application. However, the application requires submittal of a significant amount of detailed information, and many applicants may benefit or want to consider engaging consultants to aid in the preparation of specific documentation needed for the application.

Can the EDA provide assistance with my project and application process?

EDA staff can provide general information regarding program requirements and project potential eligibility but cannot assist an applicant in preparing an application or any documentation required to be submitted as part of the application process.

How will applications be scored?

All applications will be reviewed and scored based on pre-established factors. The review of applications will be

conducted by a selection committee that will include professionals with experience in the Historic Preservation and the construction field. All applications will be evaluated according to five categories/factors:

1. Historic Significance
2. Imminent Threat to Historic Resource
3. Project Concept and Team
4. Site Control
5. And Positive Impact on the Surrounding Neighborhood.

To receive tax credits, an application must meet a minimum score of 50 out of a possible maximum 100 points. Should the program be oversubscribed on any particular year, applications will be ranked based on score.

Additional information on scoring criteria can be found in the [Historic Property Reinvestment Program Scoring Criteria](#) document.

What if I forget to submit something that was an application requirement, and the application window has already closed?

The HPRP is a competitive program, with applications due during a preestablished application window. All required documentation must be submitted at time of application to prevent an unfair advantage to one applicant over the other. NJEDA staff may, in some cases, ask for clarifying information (for Interagency Review, Legal Review and Underwriting Review related items), but the Authority is unable to accept late submission of missing required information. However, if an application round is not oversubscribed, and sufficient funding is available to satisfy tax credit requests of all applications submitted, the NJEDA may request and allow submission of clarifying or additional information needed (including missing required information) to complete review of an application which was submitted by the preestablished application deadline.

What happens if I am unable to sign the “Certification of non-involvement in prohibited activities in Russia or Belarus”?

If you are not able to sign the required certification of non-involvement, please send an email to HistoricTaxCredit@njeda.com with the subject: “Certification of non-involvement in prohibited activities in Russia or Belarus.”

Will having any involvement with cannabis licensing affect my eligibility in participating in the Historic Property Reinvestment Program?

New Jersey State law prohibits cannabis licensees, conditional licensees, and certified personal use cannabis handlers’ employers as well as property owners, developers, and operators of a project where the property being used or intended for use with cannabis from receiving or continuing to receive most financial incentive awards. The law allows these individuals/entities to receive only very particular incentives created specifically for the cannabis market. See N.J.S.A. 24:6I-49.

Can decisions be appealed?

At the conclusion of each application round, recommendations for approval of projects (based on scoring) will be made to NJEDA’s Board of Directors. The Board will approve projects based on presented recommendations. An applicant may appeal the Board's action by submitting in writing to the Authority within 21 calendar days from the effective date of the Board's action, an explanation as to how the applicant has met the program criteria. Detailed appeal process can be found within the rules for the program, under N.J.A.C. 19:31-26.14.

What are the Program fees?

Program fees have been calculated using a matrix similar to that used for other NJEDA programs. They take into consideration anticipated level of effort needed to conduct review of applications as well as expected number of submissions through the course of the program, based on best available information and projections.

Fees have been set up using a 3-tier fee structure, with the first two tiers based on project site (as determined by eligible cost) and a third tier exclusively for transformative projects. Detailed information on fees, including a guidance document, which includes a list of program fees and tables showing fee amounts, can be accessed at: <https://www.njeda.com/historic-property-reinvestment-program/>.