

10.16.2023



Construction Inflation Fund Program Frequently Asked Questions (FAQ)

PROGRAM QUESTIONS

In the case where a Special Purpose Entity (SPE) is the applicant and is affiliated with another company, does the parent company have to meet the Small Business Entity requirement, or is it only required for the applicant entity?

Generally, the applicant entity is the entity that EDA reviews and which is required to meet the eligibility requirement as a small business as defined below.

Furthermore, the applicant entity must provide its distinct EIN number and would be the entity that enters into construction contracts, secures project financing, incurs costs, and develops the real estate development project.

However, there may be instances in which the applicant is not independent of an affiliated entity for purposes of undertaking the project, for example, certain special purpose entities, and the NJEDA may determine that in such instances the eligibility criteria applies to the special purpose entity and the affiliate developer entity that is primarily responsible for overseeing and managing the project.

What is the Construction Inflation Fund?

The Construction Inflation Fund is a \$10 million competitive grant program that will provide funding to eligible small businesses for real estate development projects that have experienced increased construction costs and project funding gaps resulting from the COVID-19 pandemic.

Who can apply/who is an eligible applicant?

Eligible applicants are small businesses which are undertaking an eligible real estate project in New Jersey that experienced a COVID-19 related funding gap.

A small business – by definition – has no more than 500 employees or, if applicable, the size standard in number of employees established by the Administrator of the Small Business Administration for the industry in which the business concern or organization operates **and** is a small business concern as defined in section 3 of the Small Business Act (15 U.S.C. 632).

Note that non-profit applicant entities are not eligible for this program.

Are all types of real estate eligible for funding from the Construction Inflation Fund?

Eligible real estate projects must have been impacted by COVID-19 pandemic, must be sized to have at least \$5 million of total project costs, and be substantial rehabilitation

and/or new construction of Commercial (including Office), Manufacturing, or Mixed-Use projects only. If the project is Mixed-Use, any residential portion of the project must comply with the 20% reservation for low- and moderate-income households required by N.J.S.A. 52:27D-329.9(b).

Note that projects consisting solely of warehouse and/or retail spaces are ineligible for funding. Any warehouse use included must be ancillary and in direct support of the site's eligible primary use.

Would I be able to use the Construction Inflation Fund for a 100% affordable housing development?

No, 100% residential developments are not eligible for this funding. You may want to explore programs through the New Jersey Department of Community Affairs (DCA) or the New Jersey Housing Mortgage Finance Agency (HMFA).

Is a cold storage facility or freezer space considered a "warehouse"?

Typically, a cold storage facility (freezer space) would be considered a warehouse project – a large building where raw materials or manufactured goods may be stored before their export or distribution for sale. Projects consisting solely of warehouse spaces are ineligible for funding. Any warehouse use included must be ancillary and in direct support of the site's eligible primary use.

Will projects be subject to prevailing wage requirements?

Yes. Projects must comply with the New Jersey Prevailing Wage Act. All NJEDA projects are subject to this requirement. Information about prevailing wage can be found at: <https://www.nj.gov/labor/wageandhour/prevailing-rates/public-works/>

Is a project that has started construction eligible for the Construction Inflation Fund funding?

Projects that have started construction prior to application may be eligible only if either New Jersey state prevailing wage or federal Davis-Bacon wage requirements were incorporated into the construction contract prior to construction start or the project has been paying either prevailing wage or Davis-Bacon wage rates as applicable.

If a project has a PILOT (Payment in Lieu of Taxes) Agreement, will that effect the ability to obtain this financing?

No.

Is there a minimum grant and/or a maximum grant amount?

Yes. The minimum grant funding amount is \$500,000 and the maximum grant funding amount is \$5,000,000 provided to any one Project and/or to any one applicant.

What can Construction Inflation Fund grant funds be used for?

Funding can only be used for the approved real estate development project and the associated costs based on the application you submitted to the NJEDA. If approved for Grant funding, a

grant agreement will further specify eligible and ineligible uses of the funds as well as other funding requirements.

Funding from the Construction Inflation Fund may not be used for payment of developer fees.

No more than 20% of a grant award may be used to support project development soft costs.

Will accepting this grant award impact the developer fee?

Possibly. Developers must agree to a 50% deferral in their developer fee if grant funds are awarded to their project. This deferral should be shown in the project operating pro-forma.

If approved for funding, how will grant funds be disbursed?

Following execution of the Grant Agreement and typically prior to the start of construction, NJEDA will schedule a pre-construction meeting with the grantee and their contractor to discuss program funding requirements including construction progress work documentation, prevailing wage and affirmative action requirements, and the funding disbursement process. Funding disbursement requests and subsequent payments will be made no more than once per month. No payment will be disbursed without confirmation that work has been conducted in accordance with prevailing wage, affirmative action requirements, and other state and federal requirements.

Final payment will not be disbursed until NJEDA has conducted a site visit to confirm the work has been completed and is in compliance with prevailing wage, affirmative action requirements, and other state and federal requirements.

Will retainage be withheld from construction disbursements?

Typically, EDA withholds 10% retainage during construction and releases retainage upon project completion.

Is New Jersey Executive Order 215 of 1989 re Environmental Assessments applicable?

No, the New Jersey Department of Community Affairs had determined that the Construction Inflation Fund program is exempt from the provisions of Executive Order 215.

Are there requirements for participation by or use of small or women or minority owned businesses?

No, there are no such requirements. However, this is a competitive scoring process and up to 4 points may be provided for plans for participation of Small, Women, Minority, Veteran Business Enterprises.

APPLICATION QUESTIONS

When will the application be available and how do I apply?

The application became available beginning August 17, 2023 at 10:00am and will remain open until October 19, 2023 at 5:00pm. Applications and all program information can be found at [Construction Inflation Fund - NJEDA](#)

Is there a deadline to submit an application? Is the Program first come, first served?

Yes, there is a deadline of October 19, 2023 at 5:00pm to submit an application. All applications received by that date will be reviewed for completeness and eligibility. Following that initial review, all eligible applications will be scored competitively. The Program is not first come, first served.

What constitutes a fully completed application?

Please refer to the checklist of required items that must be provided in order for an application to be considered fully completed.

Who can be listed as the Authorized Representative?

An Authorized Representative is someone who can legally bind the applicant. Only an Authorized Representative can certify the forms and content of the application.

Some questions don't seem applicable to small business entities. Do I still have to respond to those questions?

The application is a Common Application that NJEDA uses for various programs and funding opportunities. NJEDA provides funding to many applicants including small businesses, real estate developers, governmental entities, not for profit organizations and financial institutions. Applicant/Company/Organization are used interchangeably throughout the application. Please answer all required questions on the application.

Who should be included in the development team?

Applications for the Construction Inflation Fund will have a scoring component that considers the *"experience and capacity of the applicant and development team that demonstrates implementation of projects of a similar size and scope"*.

Applicants should include individuals involved in the project whose experience demonstrates a familiarity with and track record of completing projects of a similar size and scope.

If my small business is not in good standing with the state, will this affect my eligibility?

Yes, applicants must be in substantial good standing with the New Jersey Department of Labor and Workforce Development and the NJ Department of Environmental Protection at the time of application to be eligible.

Applicants will also be reviewed against the Federal System for Award Management to ensure entity is not debarred.

Where can you get a tax clearance certificate since this is a requirement of the program?

Per the Board Memo, a tax clearance certificate is required prior to approval of any grant funding. The application asks that applicants submit a current tax clearance certificate at the time of application.

If you are not registered with Premier Business Services, visit the Premier Business Services portal https://www16.state.nj.us/NJ_PREMIER_EBIZ/jsp/home.jsp and select New Users Only – Create an Account and follow instructions for new account creation.

If you are already registered with Premier Business Services, log in

https://www16.state.nj.us/NJ_PREMIER_EBIZ/jsp/home.jsp. Go to the Tax & Revenue Center and select Business Incentive Tax Clearance. If your account is compliant with its tax obligations and no liabilities exist, the Business Incentive Tax Clearance can be printed directly through the portal.

Questions regarding your account may be directed to NJ Treasury at 609-292-9292 or via email at Premier Services Registration at Integrated-Registration.Admin@treas.nj.gov.

What would constitute evidence of financing?

Applicants must submit evidence of additional sources of funding. Evidence of financing could include: lender or bank term sheets, financing commitment letters, grant award letters, proof of funds document.

What is the Duplication of Benefits affidavit?

As a part of the application, applicants will be required to confirm that there is no Duplication of Benefits (using federal money to pay for something twice) with other funds received.

Applicants will report on how those funds were used and how much money was received. Please report on the total amount received at the time of your application. Receiving previous funding may not impact your eligibility to receive funding from the Construction Inflation Fund.

Can you save your application as you go?

You can save your application and come back to it as long as you complete the page you are working on. Make a note of where you left off so when logging back into your account, you should be able to start with the next page. Please see the Sample Application for guidance.

Am I able to edit the application after I submit it?

No, once submitted, the application locks. You do have the ability to share a draft of the application before final submission.

Is there an application fee?

Yes. The Authority's standard \$1,000 application fee will be charged and is due and needs to be paid by the application deadline for the application to be deemed submitted.

GENERAL QUESTIONS

What if I have any questions about the program or the application process?

All questions should be directed to realestateinfo@njeda.gov. Updated information will be provided at the website for this program and via updates to the Frequently Asked Questions document.

PLEASE NOTE:

The information contained in these Frequently Asked Questions is provided for general guidance purposes only. For full program information, consult the Board Memo and Product Specifications which can be found at – [Construction Inflation Fund - NJEDA](#)