



Historic Property Reinvestment Program

2023 Fall Application Round

Questions & Answers Log – Last Updated 01/09/2024

Question Number	Received Date	Question	Answer Date	Answer
1.	12/05/2023	In response to the requirement that we upload a “Narrative describing the team’s approach to the project that includes adequate consideration of the historic resource...” can I submit the Part 2 application, or is a separate document required? It seems like the information requested is all contained in the Part 2.	12/07/2023	<p>Part 2 of the Historic Preservation Certification Application for the Federal Historic Preservation Tax Credit Program is not intended to capture the information requested for the proposed project approach narrative.</p> <p>The proposed project approach narrative is intended to provide information for the selection committee to assess project team’s experience, understanding of project requirements and potential challenges, and overall readiness.</p> <p>The narrative must include information on qualifications and experience of the project team, proposed project concept/approach, and consideration of historic resources, as well as whether the project schedule and budget seem realistic and follow industry standards. The narrative must include information on the project’s compliance with the Secretary of the Interior’s Standards for Rehabilitation (including consideration of potential archaeology for projects with ground disturbance), and consideration on potential CCE and schedule challenges. Additionally, the narrative must include a breakdown of proposed uses and associated square footage of the rehabilitation project.</p>
2.	12/29/2023	We are beginning the process of planning to replace the roof at the church. The building has a terracotta roof tiles which are architecturally significant to the building. It is a	01/09/2024	If the proposed project will be undertaken by a religious entity or if it will involve work within a building or facility owned by a religious entity, the NJEDA will need to better understand how or if proposed project activities may aid,

		<p>large project, and I am curious if it might be a good fit for the Historic Property Reinvestment Program.</p> <p>Specifically, I am curious how the tax credit might work for a non-profit 51(c)3 organization? Would the church be eligible, and if so, would we need a business partner that could help us achieve the tax credit?</p>		<p>enhance, or contribute to that religious entity. The NJ Constitution prohibits the use of taxpayer funds to repair churches or places of worship and therefore, NJEDA must ensure this funding will not directly be used to pay for religious worship, instruction, or proselytization. Please review the Religious Activity Questionnaire to determine what information will need to be provided by the applicant, as this is a Program requirement.</p> <p>The HPRP allows for an applicant to be an entity that is non-profit for taxation purposes pursuant to the provisions at Section 501(c)3 of the Internal Revenue Code, as long as all other requirements for an applicant under the Program are met. Additionally, the Program also allows for a for-profit entity to apply with a co-applicant, who must be a non-profit and contribute capital, real property, or services related to the project. The Program requires monetization of the tax credits received; therefore, whether the applicant is a business entity or a non-profit, an application under the Program must show how the applicant expects to monetize credits, which can be achieved by either finding an interested buyer or thru a tax credit broker or syndicator. Agreement for the sale of credits can then be used as collateral to obtain a bridge loan that can be used as source funds during construction, ahead of receiving and selling of the credits.</p>
3.	01/26/2024	What is the estimated timeline of the current HPRP round's review process once the application period closes on February 29?	01/31/2024	An applicant can anticipate the review process to take anywhere from four to six months until the issuance of an Approval Letter. This time frame can vary and depends upon the information provided by the applicant at time of application, how thorough the information provided is, and whether additional clarifying information is requested by the NJEDA.
4.	01/26/2024	What are the implications on a project's eligibility for the tax credit if emergency repair work has been started before the HPRP application is submitted, reviewed or approved? Work has not yet begun, but a structural	01/31/2024	The Program's statute states that "prior to the start of any construction or rehabilitation" the Authority and Applicant must enter into a rehabilitation agreement. However, program rules do allow for health and safety work ordered

		<p>engineer has inspected the building and found its integrity to be compromised. Can these repairs be underway or completed prior to the application's submittal and review?</p>	<p>by a building code official with jurisdiction over the project to be performed under specific parameters. For your convenience, some of the relevant sections of the statute, rules and general guidance information addressing prior construction activities have been included below:</p> <p>Program's Statute Economic Recovery Act of 2020, Section 4a.(4) <i>(4) Prior to approval of an application by the authority, the authority shall confirm with the Department of Labor and Workforce Development, the Department of Environmental Protection, and the Department of the Treasury whether the business entity is in substantial good standing with the respective department or has entered into an agreement with the respective department that includes a practical corrective action plan for the business entity. The business entity shall certify that any contractors or subcontractors that perform work at the qualified property or transformative project: a. are registered as required by "The Public Works Contractor Registration Act," P.L.1999, c.238 (C.34:11-56.48 et seq.); b. have not been debarred by Department of Labor and Workforce Development from engaging in or bidding on Public Works Contracts in New Jersey, and c. possess a tax clearance certificate issued by the Division of Taxation in the Department of the Treasury. The authority may also contract with an independent third party to perform a background check on the business entity. Following approval of an application by the authority, but prior to the start of any construction or rehabilitation at the qualified property or transformative project, the authority shall enter into a rehabilitation agreement with the business entity. The authority shall negotiate the terms and conditions of the rehabilitation agreement on behalf of the State.</i></p> <p>Program's Rules 19:31-26.3 Eligibility criteria <i>4. The business entity has not commenced any construction or rehabilitation activity at the site of the</i></p>
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5.	01/26/2024	Are expenses related to archaeological monitoring and avoidance measures incorporated into the development of the site considered QREs? The IRS's definitions of a QRE generally exclude expenses related to outdoor site work, though the site work proposed at 11-50 Spruce Street is largely confined to a former mill yard that has historic archaeological potential.	01/31/2024	To better allow the applicant to utilize both the Federal and the State programs, the HPRP utilizes the IRS's definition of QREs to establish eligible costs and maximum tax credit amount. The Program Rules define "Cost of rehabilitation" or "eligible costs" as "the consideration given, valued in money, whether given in money or otherwise, for the materials and services that constitute the rehabilitation. Eligible costs shall be all costs associated with the structural components, as defined at 26 CFR 1.48-1(e)(2), within the qualified property or transformative property, and any soft costs associated with the rehabilitation project. Eligible costs shall not include any costs associated with an increase in total building volume."
6.	01/26/2024	Do letters of commitment or interest regarding the monetization of the Federal and HPRP tax credit need to be arranged prior to the application's submittal?	01/31/2024	As part of the applicant's funding stack information submitted at time of application, the applicant is expected to have letters of commitment or interest from buyers, brokers, syndicators, etc. in place at time of application, showing purchase price of tax credit, terms of sale, etc. Final and agreed upon terms of tax credit monetization must be in place by time of issuance of Rehabilitation Agreement.