

**MEMORANDUM**

**TO:** Members of the Authority

**FROM:** Timothy Sullivan  
Chief Executive Officer

**DATE:** March 7, 2024

**SUBJECT:** Urban Investment Fund Grant Program

**Request:**

The Members are asked to approve:

1. Creation of the Urban Investment Fund Grant Program (the “Program”), a \$38,198,148 pilot grant program funded from the \$50 million appropriated for “Urban Investment Fund” in the Fiscal Year 2024 Appropriations Act (P.L. 2023, c.74) from American Rescue Plan (“ARP”) Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”) to provide grants for the revitalization of key commercial corridor areas and undertake real estate projects located in eligible municipalities identified herein.
2. Delegation to the Chief Executive Officer (“CEO”) of the New Jersey Economic Development Authority (“Authority”) to enter into a Memorandum of Understanding (“MOU”) with the New Jersey Department of Community Affairs (“DCA”) to accept and use \$38,198,148 of the \$50 million of SLFRF monies appropriated in the FY2024 budget and deposit it into the Economic Recovery Fund (“ERF”) for the Urban Investment Fund Grant Program, and agree to comply with federal requirements for the use of those funds. This request includes the utilization of 2.5% (\$954,954) in addition to the \$38,198,148 to support the Authority’s administrative costs associated with operating the Program.
3. Delegated authority to the Authority’s CEO to adjusting of approved project funding amounts, modifications to approved project details/scope of work project, and changes to milestones and completion timelines within an approved application in alignment with federal expenditure deadlines.

**Background and Program Funding Source:**

The ARP, which was signed into law by President Joe Biden on March 11, 2021, is a \$1.9 trillion economic stimulus bill designed to rebuild and restart the American economy in the wake of the Coronavirus (COVID-19) public health emergency by investing in families, communities, and small

businesses. Through the SLFRF, the ARP delivers \$350 billion to state, local, and tribal governments to support their response to, and recovery from, COVID-19.

On June 30, 2023, Governor Murphy signed the Fiscal Year 2024 Appropriations Act P.L. 2023, c.74 (“Act”) into law. The Act allocated significant State funding to the Authority for numerous strategic economic development investments to support key industries, advance the innovation economy, continue to bolster recovery, and spur statewide growth. These strategic investments include \$50 million appropriated for “Urban Investment Fund” from ARP SLFRF. Staff proposes utilizing \$38,198,148 from that budget line-item appropriation to provide funding to create the Urban Investment Fund Grant Program. In February 2024, the Board approved using \$11,801,852 from that budget line-item to provide additional funding to the Activation, Revitalization, and Transformation Program (A.R.T.) in order to fund eligible project applications that had been received.

Upon receipt of the funding from the State, staff will deposit the funds in the Economic Recovery Fund (“ERF”). The use of the funds, and this Program, will be administered in accordance with the ERF statute (N.J.S.A. 34:1B-7.13(a)(5)) as financial assistance to assist municipalities for the Program and Eligible Uses indicated.

The Program seeks to address the pandemic related negative economic impacts on downtowns by providing grants for the revitalization of key targeted commercial corridor areas located in municipalities identified below. Governor Murphy’s economic plan, “The State of Innovation: Building a Stronger and Fairer Economy in New Jersey,” identifies several economic development priorities, including “investing in communities to build world-class cities, towns, and infrastructure statewide.” In alignment with this plan and recognizing that resources can be limited in distressed municipalities, this Program provides additional grant support for recovery from negative COVID-19 impacts to ensure the local community has the necessary resources to undertake revitalization projects and have long term success.

As the New Jersey economy continues to rebound in the wake of COVID-19, the Program undertakes a comprehensive approach providing grants to municipalities to respond to the negative impact and decreased capacity, foot traffic, and revenue across economically vital commercial corridors. While the pandemic impacted millions of American households and businesses, the most severe impacts disproportionately fell on low income and underserved communities like the eligible municipalities included here, where pre-existing disparities worsened during the pandemic, further delaying a full economic recovery.

A series of targeted investments into distressed cities remains essential for jumpstarting local economies and promoting strong, resilient, and equitable economic recovery efforts to advance place-based economic development initiatives. The Program furthers the Administration’s efforts to build a stronger and fairer New Jersey economy by making new, impactful, and strategic investments in key commercial corridors of New Jersey’s most distressed municipalities.

### **Program Overview:**

The Urban Investment Fund Grant Program funding of \$38,198,148 will be available to eligible municipalities to implement a revitalization strategy designed to increase foot traffic and commercial activity within a commercial corridor area by supporting and undertaking and concentrating eligible real estate related projects within the identified area. The Program goals are to catalyze and support

revitalization in key commercial corridor areas by investing in projects that transform commercial corridors into vibrant 24-hour commercial centers and respond to evolving market conditions, such as hybrid and remote work, by funding activations and development that will in turn increase residents, visitors, and/or office workers and to support investment within key commercial corridors and promote strong, resilient, and equitable economic recoveries. This Program will expand investment in communities by working to activate underutilized, distressed, or vacant buildings for projects to promote equitable economic growth and urban community development.

Eligible municipalities/applicants as defined below would identify the key commercial corridor area, develop a revitalization strategy approach designed to increase foot traffic and commercial activity for the identified Corridor, and then identify a minimum of 2 interrelated projects to undertake which are in alignment with their vision statement and are eligible project types/uses described below.

All projects must be undertaken and completed within SLFRF timeframes which mandate project completion by 12/31/26. Applicants must confirm that they are aware and agree that the real estate projects proposed in their application can be completed by 12/31/26 (as per US Treasury).

### **Eligible Applicants:**

Eligible applicants are municipalities defined below as meeting BOTH criteria excluding Atlantic City which received its own FY 2024 State Budget Appropriation from ARP SLFRF. Only one application per eligible municipality may be submitted as evidenced by a letter from the eligible municipality as described below. Eligible municipalities may designate a municipal entity, county entity, or a not-for-profit local economic and community development entity to be the applicant on behalf of the municipality and if so, then a letter as described below is required as part of the application.

- **Top 5%** of municipalities based on Commuter-Adjusted Population (2018-2022 American Community Survey 5-Year Estimates)
  - This is “Daytime Population” which is the calculation of Total Resident Population + Total Workers Working in Area – Total Workers Living in Area.
- **Top 5%** of municipalities within the 2023 Municipal Revitalization Index (MRI). The MRI serves as the State’s official measure and ranking of municipal distress. The MRI ranks New Jersey’s municipalities according to eight separate indicators that measure diverse aspects of social, economic, physical, and fiscal conditions in each locality. The MRI is used as a factor in distributing certain “need based” funds.

Based on the above criteria, the following municipalities would be eligible to apply for and receive funding. Note that only one application for funding within a municipality may be submitted.

Camden, New Brunswick, Newark, Passaic, Paterson, and Trenton.

Additional applicant requirements:

Must be in substantial good standing with the New Jersey Department of Labor and Workforce Development and the New Jersey Department of Environmental Protection at the time of application to be eligible. A current tax clearance certificate must be provided prior to approval

to demonstrate the applicant is in substantial good standing with the New Jersey Division of Taxation, unless the applicant is not required to register with the Division of Taxation.

### **Grant Funding:**

In order to provide Grants and support projects in several different municipalities, only one application proposal may be submitted per eligible municipality.

Maximum grant funding amounts per application will be based on commuter-adjusted population size:

- Maximum grant funding of \$7 million for municipalities with commuter-adjusted population over 100,000
- Maximum grant funding of \$5,732,716 million for municipalities with commuter-adjusted population under 100,000

Minimum grant funding request would be \$1 million for any municipality.

Program grant funding may not exceed 80% of the total of all project costs within the approved application.

As outlined below in the Grant Agreement section, if timelines for meeting project milestones are not met, then the Authority may recapture or may require repayment of Grant funds and/or the Applicant may no longer be eligible for any remaining unused grant funds.

### **Identification of Commercial Corridor Area and Revitalization Strategy**

Commercial corridors play a vital role in municipalities, serving as economic engines for communities by providing jobs that keep money circulating in the local economy, offering goods and services for residents, and powering entrepreneurship as well as wealth building. Prior to the COVID-19 pandemic, economic shifts adversely impacted commercial corridors – resulting in uneven growth and high vacancy rates, especially in corridors located in distressed communities. The pandemic further amplified these economic hardships, as many of the businesses hit hardest by the pandemic were also the ones that populate and contribute to the dynamism of commercial corridors, with Black- and Brown-owned businesses proving to be exceptionally vulnerable. This, combined with the mass transition to remote work, has resulted in decreased capacity, foot-traffic, and revenue across economically vital commercial corridors. *(from Regenerating Commercial Corridors: A Proposal for States; Bruce Katz et al)*

Eligible municipalities will identify a key commercial corridor area (“Corridor”) for revitalization. These Corridors have experienced negative impacts from the COVID19 pandemic such as loss of foot traffic and decreased economic activity due to work-from-home trends and increased online retail spending. The Corridor will typically be in a downtown location and the Applicant will identify the borders of the Corridor. At a minimum, the Corridor should have active commercial activity and/or have zoning allowing for as-of-right commercial use on the ground floor of at least 50% of buildings in the identified Corridor.

Once the Corridor has been identified, eligible municipalities would develop their revitalization strategy for investing in the Corridor to help mitigate the economic harms/losses resulting from the pandemic and stimulate recovery by promoting economic development projects to increase foot traffic and local spending in that area (“Revitalization Strategy”). The Revitalization Strategy would describe the public open process that the municipality undertook to identify and determine the projects from the eligible project types below for which they would request Program grant funding. The Revitalization Strategy should also indicate other projects that could be undertaken and/or additional partners and stakeholders involved in community or business activities in the identified key commercial corridor area.

### **Eligible Project Types / Eligible Uses of Funding:**

The Program will allow for several types of projects as described below (“Projects”) to be funded within the Corridor as part of the municipal Revitalization Strategy. Applicants must include a minimum of two projects from the list below in their application:

- Building Rehabilitation Projects – rehabilitation/renovation of a blighted, underutilized, partially vacant, or vacant building (could include substantial or minor rehabilitation, reactivating vacant space, addressing code violations, interior building reconfiguration/fit out) for use as a commercial or mixed-use building with a deed restriction to be required ensuring no change in the proposed project use for 5 years; Maximum funding of \$3.5 million per building; not for new construction
- Building Reuse Studies – such as building conversion analysis from office to commercial or mixed-use; or adaptive reuse study; or other building analysis; Funding cannot be used for physical improvements/construction work. Maximum funding of \$200,000 per study and maximum of 3 studies per applicant
- Public Space Use Investments – Funding may be provided for permanent or semi-permanent physical improvements for projects such as parklets, barrier structures, stages, active use equipment, pedestrian plazas, pocket parks; Funding cannot be used for programming/operational costs of the space; space/property must be either outdoor publicly owned space or outdoor space under agreement (operating agreement, lease, easement, etc.) with a public entity for public use that would function as one of the uses listed above; space/property must be predominantly accessible/open to the public for public use the majority of the time for a minimum 5 years; Maximum funding of \$1.5 million per project

Per US Treasury deadlines and federal SLFRF requirements, all Program funds must be fully disbursed by December 31, 2026. In order to meet these timelines, it is anticipated that Projects included in any application for Program funding would be fully completed by September 30, 2026.

Projects that have started construction are not eligible. Construction, including demolition and remediation, cannot start until approval. All projects will be subject to compliance with New Jersey prevailing wage law and the Public Works Contractor Registration Act (NJSA 34:11-56.48 et seq.) which requires all contractors, subcontractors, or lower tier subcontractors (including subcontractors listed in bid proposal) who bid on or engage in the performance of any public work in New Jersey to register with the NJ Department of Labor and Workforce Development.

Building Rehabilitation Projects that are 100% residential are not eligible but mixed-used development projects are eligible and (1) any residential portion must comply with the 20% reservation for low- and moderate-income households required by N.J.S.A. 52:27D-329(b). and (2) should have at least 20% of the total square footage or the entire ground level or entire floor of the building dedicated to a commercial/non-residential use. Building Rehabilitation Projects that are for governmental or educational uses are ineligible.

Program grant funding can only be used for the real estate project costs specifically approved based on the application, Authority review, and funding grant agreement. Project costs may include hard construction costs with a maximum 10% contingency, soft costs not exceeding 20% of total project costs and developer fee not exceeding 10% of total project costs or as otherwise allowed by another State agency providing funding to a project. Acquisition funding is not eligible nor are operating costs. All Project costs and Grant funding are subject to federal Duplication of Benefits requirements and a cost reasonableness analysis will be undertaken prior to Project approval.

### **Application Submission:**

As described above, eligible municipalities will be able to submit an application seeking Program Grant funding up to the maximum amounts based on the commuter-adjusted population size category. This will be a rolling grant application process, not competitively scored. In order to meet federal funding timing requirements, eligible applicants will have up to four months to submit an application. The Authority, at its sole discretion, may extend the application deadline by up to 2 months. All applications will be submitted online.

As part of a Program application, applications for Program Grant funding must identify and describe the Corridor and demonstrate that there is an overall Revitalization Strategy for the Corridor in alignment with Program criteria. Applications would also request grant funding for specific eligible Projects. The online application must include, but is not limited to, the following information:

- Narrative describing commercial corridor area – define area as to streets/boundaries, must be a primarily commercial area; describe the neighborhood and surrounding area; explain why and how this commercial corridor area was selected (process and/or rationale); what are the current COVID-19 related negative economic impacts (existing conditions of vacancy, reduced traffic, etc.); how negative impacts can be addressed/ameliorated; benefits and long term impacts to the area and the community
- Description and details of the proposed strategy for the overall commercial corridor revitalization including what types of projects are needed; what stakeholders/partners are involved that will undertake projects or be part of overall approach to address decreased foot traffic and economic activity; describe benefits to the area and the community for implementing this strategy; process undertaken to identify and determine which projects would be included in the application for grant funding; include a narrative on how the proposed Revitalization Strategy and Projects will address the impacts of COVID-19; and why this capital expenditure is the most appropriate to address the economic harms caused by COVID-19
- Overall Application Budget Sources and Uses – this would include all Projects within the application, indicate the Grant funds being requested per Project, and identify other funding sources
- Strategy Implementation Timeline –showing key milestones for start of Projects to be undertaken, securing of required additional funding, construction progress, and completion of

each Project. Note that in order to ensure that federal expenditure deadlines are met, it is anticipated that all Projects to be undertaken with Grant funding will be fully completed by September 30, 2026

- Applicant's experience and capacity to undertake and oversee the overall Revitalization Strategy and to monitor and ensure completion of the proposed Projects
- For each Project that is to be funded with Grant funds, provide project narrative including scope of work to be done/plan for rehabilitation if applicable; owner and developer information and experience including required disclosures and certifications; evidence of or path to site control; financial viability related information such as sources and uses budget, evidence of or ability to secure other funding, proforma if relevant; explanation of why these grant funds are needed; project development timeline
- If a municipality is designating a municipal entity, county entity, or a not-for-profit local economic and community development entity to apply on their behalf, a letter from the municipality (Mayor or their municipal employee designee) designating such entity is required and indicating approval of the application and the projects within the application.

### **Review Factors for Funding Consideration:**

Applications will first be reviewed for application completeness to ensure all necessary Application information and documents are submitted and complete. At the sole discretion of the Authority, staff may ask for clarification of the information included in the application, including but not limited to narrative responses, supporting documentation, and attachments. Applicants will be given ten business days to cure any deficiencies and/or to provide any clarifying information or documents.

All applications will be reviewed by Authority staff to confirm that sufficient information and details regarding the following items have been satisfactorily included and are consistent with the Program outlined in this Board Memo:

- Key commercial corridor area has been designated and description of COVID-19 related negative economic impacts has been provided;
- Overall Revitalization Strategy outlines plan to address the negative impacts and increase foot traffic and economic activity within the Corridor;
- Proposed Projects to be undertaken with Grant Funds are eligible as outlined herein;
- Applicant and/or Project developers have provided evidence of sufficient capacity and experience to undertake the revitalization strategy and Projects;
- Financial information provided evidences reasonableness of proposed costs and ability to provide or secure minimum matching 20% of total Project costs;
- Timelines to undertake the strategy and complete the proposed Projects are reasonable and evidence completion before September 30, 2026.

A cost reasonableness analysis will be completed prior to any Project being approved. Additionally, the Authority will undertake project financial gap analysis to ensure reasonable profit/returns.

### **Board Approval:**

Following application submission and determination by staff of completeness, eligibility, and conformance with Program requirements per the above review factors for funding considerations, all applications will be presented to the Board for funding consideration. To ensure that federal

expenditure deadlines are met, staff recommendations to the Board for approval of applications will include timelines and anticipated project development milestones to be met and will indicate that if timelines are not met, then the Authority may either allow for reallocation to a different project and/or either may recapture or require repayment of Grant funds and/or the Applicant may no longer be eligible for any remaining unused grant funds.

Following Board approval, the Authority will issue an Approval letter listing requirements and timelines for submission of required documents and information required to proceed to a Grant Agreement. Such required documentation may include, but is not limited to, the following: evidence of site control and site ownership for each Project; Project developer organizational documents and certifications; Project budgets; evidence of other financing; project development milestones and timelines; general contractor information; and evidence of required insurance.

Applicants will be given 60 days, which may be extended up to an additional 60 days by the Authority at its sole discretion, to submit required documentation. If an approved Applicant does not submit requested information within the given timeline, the Authority's approval would be withdrawn, and the Projects would not proceed.

### **Grant Agreement and Funding Disbursements:**

Following Board approval and upon satisfactory submission in a timely manner of Approval Letter documents and conditions, the Authority will enter into a Grant Agreement ("Grant Agreement") with the Applicant municipality. The municipality shall be responsible for assuring the compliance with all terms and conditions of the application, Grant Agreement, and the Program funding requirements.

The Grant Agreement will include descriptions of the Corridor and the Revitalization Strategy, each separate Project to be funded with Grant funds, eligible Project costs, the amount of Grant funding, and all financial programmatic requirements including the amount of other funding as may be applicable.

The Grant Agreement will detail state and federal requirements (some included above). All Projects that are developed/redeveloped with Urban Investment Fund Grant Program funding shall be subject to compliance with New Jersey prevailing wage law and compliance with other labor standards requirements, as well as other state requirements which may be applicable depending on project details and funding amounts including possibly New Jersey Executive Order 215 of 1989 regarding Environmental Assessments. No construction can have started on any Project prior to execution of a Grant Agreement.

For Building Rehabilitation projects, the Authority will require that the applicant file a 5-year deed restriction on the property utilizing the Authority's required restriction language. The deed restriction will be released by the Authority after 5 years from final Project closeout.

The Grant Agreement will detail timelines and milestones to be met for the completion of each Project as part of the overall Grant funding. At the Authority's sole discretion, the Authority may grant timeline or milestone extensions. The Grant Agreement will indicate that to comply with federal funding requirements, all Projects must be fully completed, and all funds fully disbursed by 12/31/2026.



Should any Project not be able to meet key milestone dates then the Municipality may request a modification in Project scope or request approval of an alternative Project. The Authority at its sole discretion will consider such request and under delegated authority described in this Board Memo may approve such a Project modification.

The Grant Agreement will also indicate that if timelines for meeting project milestones are not met, then the Authority may recapture or may require repayment of Grant funds and/or the Applicant may no longer be eligible for any remaining unused grant funds.

The Grant Agreement will detail the funding disbursement process. Following the execution of the Grant Agreement, Grant funds will be disbursed either incrementally as eligible Project expenses are incurred and may be prorated with other funding sources, if applicable, with the Authority's standard construction retainage withheld until project completion or grant funds may be disbursed in coordination with the other funder's disbursement process. Funding disbursement requests must be evidenced by documentation supporting that the expenses were incurred, work has been performed in accordance with prevailing wage and labor standards compliance requirements, and work was done consistent with Grant approval and eligible uses of Program funding.

Applicants will be responsible for and required to ensure that all Grant Agreement requirements between the Authority and applicant are subsequently imposed on the Project developers through separate funding agreement(s) between the applicant and the Project developers.

### **Delegated Authority:**

As part of this Board Memo, delegated authority is requested for the Authority's CEO to approve changes to an approved application and Grant Agreement terms including adjusting of approved project funding amounts, modifications to approved project details/scope of work project, and changes to milestones and completion timelines within an approved application in alignment with federal expenditure deadlines. This would allow for all material terms of the agreement to change with the CEO's approval except for changes to the identified and approved commercial corridor area and/or the requirement that a minimum of two projects must be undertaken.

### **Fees:**

As allowed by EDA's recently revised fee rules, no application fee will be charged because EDA is using part of the funds for EDA's administrative costs.

### **Recommendation:**

The Members are requested to approve: (1) the creation of the Urban Investment Fund Grant Program, a \$38,198,148 pilot grant program funded from the \$50 million appropriated for "Urban Investment Fund" in the Fiscal Year 2024 Appropriations Act (P.L. 2023, c.74) from American Rescue Plan Coronavirus State and Local Fiscal Recovery Funds to provide grants for the revitalization of key commercial corridor areas and undertake real estate projects located within eligible urban municipalities; (2) delegation to the Authority's Chief Executive Officer to enter into a Memorandum

of Understanding with the New Jersey Department of Community Affairs to accept and use \$38,198,148 of the \$50 million of SLFRF funds appropriated in the FY2024 budget and deposit it into the Economic Recovery Fund for the Urban Investment Fund Grant Program, and agree to comply with federal requirements for the use of those funds. This request includes the utilization of 2.5% (\$954,954) in addition to the \$38,198,148 to support the Authority's administrative costs associated with operating the Program; and (3) delegated authority to the Authority's CEO to approve adjusting of approved project funding amounts, modifications to approved project details/scope of work project, and changes to milestones and completion timelines within an approved application in alignment with federal expenditure deadlines.



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Tim Sullivan  
Chief Executive Officer

Prepared by: Liza Nolan and Giancarlo Di Lonardo

Attachments:

- Urban Investment Fund Grant Program Specifications

**URBAN INVESTMENT FUND GRANT PROGRAM:**  
**Grant Pilot Program Specifications**  
**March 7, 2024**

<p><b>Funding Source</b></p>	<p>\$38,198,148 million (FY 2024 state budget appropriation)          American Rescue Plan (“ARP”) Coronavirus State and Local Fiscal Recovery Funds (“SLFRF”)  <i>2.5% (\$954,954) to be used for EDA’s program administration costs</i></p>
<p><b>Program Purpose and Products</b></p>	<p>The Urban Investment Fund Grant Program funding of \$38,198,148 will be available to eligible municipalities to implement a revitalization strategy designed to increase foot traffic and commercial activity within a commercial corridor area by supporting and undertaking and concentrating eligible real estate related projects within the identified area. The Program goals are to catalyze and support revitalization in key commercial corridor areas by investing in projects that transform commercial corridors into vibrant 24-hour commercial centers and respond to evolving market conditions, such as hybrid and remote work, by funding activations and development that will in turn increase residents, visitors, and/or office workers and to support investment within key commercial corridors and promote strong, resilient, and equitable economic recoveries. This Program will expand investment in communities by working to activate underutilized, distressed, or vacant buildings for projects to promote equitable economic growth and urban community development.</p> <p>Eligible municipalities/applicants as defined below would identify the key commercial corridor area, develop a revitalization strategy approach designed to increase foot traffic and commercial activity for the identified Corridor, and then identify a minimum of 2 interrelated projects to undertake which are in alignment with their vision statement and are eligible project types/uses described below.</p> <p>All projects must be undertaken and completed within SLFRF timeframes which mandate project completion by 12/31/26. Applicants must confirm that they are aware and agree that the real estate projects proposed in their application can be completed by 12/31/26 (as per US Treasury).</p>
<p><b>Identification of Commercial Corridor Area and Revitalization Strategy</b></p>	<p>Commercial corridors play a vital role in municipalities, serving as economic engines for communities by providing jobs that keep money circulating in the local economy, offering goods and services for residents, and powering entrepreneurship as well as wealth building. Prior to the COVID-19 pandemic, economic shifts adversely impacted commercial corridors – resulting in uneven growth and high vacancy rates, especially in corridors located in distressed communities. The pandemic further amplified these economic hardships, as many of the businesses hit hardest by the pandemic were also the ones that populate and contribute to the dynamism of commercial corridors, with Black- and Brown-owned businesses proving to be exceptionally vulnerable. This, combined with the mass transition to remote work, has resulted in decreased</p>

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capacity, foot-traffic, and revenue across economically vital commercial corridors. *(from Regenerating Commercial Corridors: A Proposal for States; Bruce Katz et al)*

Eligible municipalities will identify a key commercial corridor area (“Corridor”) for revitalization. These Corridors have experienced negative impacts from the COVID19 pandemic such as loss of foot traffic and decreased economic activity due to work-from-home trends and increased online retail spending. The Corridor will typically be in a downtown location and the Applicant will identify the borders of the Corridor. At a minimum, the Corridor should have active commercial activity and/or have zoning allowing for as-of-right commercial use on the ground floor of at least 50% of buildings in the identified Corridor.

Once the Corridor has been identified, eligible municipalities would develop their revitalization strategy for investing in the Corridor to help mitigate the economic harms/losses resulting from the pandemic and stimulate recovery by promoting economic development projects to increase foot traffic and local spending in that area (“Revitalization Strategy”). The Revitalization Strategy would describe the public open process that the municipality undertook to identify and determine the projects from the eligible project types below for which they would request Program grant funding. The Revitalization Strategy should also indicate other projects that could be undertaken and/or additional partners and stakeholders involved in community or business activities in the identified key commercial corridor area.

**Eligible Project Types / Eligible Uses of Funding**

The Program will allow for several types of projects as described below (“Projects”) to be funded within the Corridor as part of the municipal Revitalization Strategy. Applicants must include a minimum of two projects from the list below in their application:

- Building Rehabilitation Projects – rehabilitation/renovation of a blighted, underutilized, partially vacant, or vacant building (could include substantial or minor rehabilitation, reactivating vacant space, addressing code violations, interior building reconfiguration/fit out) for use as a commercial or mixed-use building with a deed restriction to be required ensuring no change in the proposed project use for 5 years; Maximum funding of \$3.5 million per building; not for new construction
- Building Reuse Studies – such as building conversion analysis from office to commercial or mixed-use; or adaptive reuse study; or other building analysis; Funding cannot be used for physical

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improvements/construction work. Maximum funding of \$200,000 per study and maximum of 3 studies per applicant

- Public Space Use Investments – Funding may be provided for permanent or semi-permanent physical improvements for projects such as parklets, barrier structures, stages, active use equipment, pedestrian plazas, pocket parks; Funding cannot be used for programming/operational costs of the space; space/property must be either outdoor publicly owned space or outdoor space under agreement (operating agreement, lease, easement, etc.) with a public entity for public use that would function as one of the uses listed above; space/property must be predominantly accessible/open to the public for public use the majority of the time for a minimum 5 years; Maximum funding of \$1.5 million per project

Per US Treasury deadlines and federal SLFRF requirements, all Program funds must be fully disbursed by December 31, 2026. In order to meet these timelines, it is anticipated that Projects included in any application for Program funding would be fully completed by September 30, 2026.

Projects that have started construction are not eligible. Construction, including demolition and remediation, cannot start until approval. All projects will be subject to compliance with New Jersey prevailing wage law and the Public Works Contractor Registration Act (NJSA 34:11-56.48 et seq.) which requires all contractors, subcontractors, or lower tier subcontractors (including subcontractors listed in bid proposal) who bid on or engage in the performance of any public work in New Jersey to register with the NJ Department of Labor and Workforce Development.

Building Rehabilitation Projects that are 100% residential are not eligible but mixed-used development projects are eligible and (1) any residential portion must comply with the 20% reservation for low- and moderate-income households required by N.J.S.A. 52:27D-329(b). and (2) should have at least 20% of the total square footage or the entire ground level or entire floor of the building dedicated to a commercial/non-residential use. Building Rehabilitation Projects that are for governmental or educational uses are ineligible.

Program grant funding can only be used for the real estate project costs specifically approved based on the application, Authority review, and funding grant agreement. Project costs may include hard construction costs with a maximum 10% contingency, soft costs not exceeding 20% of total project costs and developer fee not exceeding 10% of total Project costs or as otherwise allowed by another State agency providing funding to a project. Acquisition

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funding is not eligible nor are operating costs. All Project costs and Grant funding are subject to federal Duplication of Benefits requirements and a cost reasonableness analysis will be undertaken prior to Project approval.

**Eligible Applicants**

Eligible applicants are municipalities defined below as meeting BOTH criteria excluding Atlantic City which received its own FY 2024 State Budget Appropriation from ARP SLFRF. Only one application per eligible municipality may be submitted as evidenced by a letter from the eligible municipality as described below. Eligible municipalities may designate a municipal entity, county entity, or a not-for-profit local economic and community development entity to be the applicant on behalf of the municipality and if so, then a letter as described below is required as part of the application.

- **Top 5%** of municipalities based on Commuter-Adjusted Population (2018-2022 American Community Survey 5-Year Estimates)
  - This is “Daytime Population” which is the calculation of Total Resident Population + Total Workers Working in Area – Total Workers Living in Area.
- **Top 5%** of municipalities within the 2023 Municipal Revitalization Index (MRI). The MRI serves as the State’s official measure and ranking of municipal distress. The MRI ranks New Jersey’s municipalities according to eight separate indicators that measure diverse aspects of social, economic, physical, and fiscal conditions in each locality. The MRI is used as a factor in distributing certain “need based” funds.

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**Additional applicant requirements:**

Must be in substantial good standing with the New Jersey Department of Labor and Workforce Development and the New Jersey Department of Environmental Protection at the time of application to be eligible. A current tax clearance certificate must be provided prior to approval to demonstrate the applicant is in substantial good standing with the New Jersey Division of Taxation, unless the applicant is not required to register with the Division of Taxation.

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**March 7, 2024**

**Application Submission**

As described above, eligible municipalities will be able to submit an application seeking Program Grant funding up to the maximum amounts based on the commuter-adjusted population size category. This will be a rolling grant application process, not competitively scored. In order to meet federal funding timing requirements, eligible applicants will have up to four months to submit an application. The Authority, at its sole discretion, may extend the application deadline by up to 2 months. All applications will be submitted online.

As part of a Program application, applications for Program Grant funding must identify and describe the Corridor and demonstrate that there is an overall Revitalization Strategy for the Corridor in alignment with Program criteria. Applications would also request grant funding for specific eligible Projects. The online application must include, but is not limited to, the following information:

- Narrative describing commercial corridor area – define area as to streets/boundaries, must be a primarily commercial area; describe the neighborhood and surrounding area; explain why and how this commercial corridor area was selected (process and/or rationale); what are the current COVID-19 related negative economic impacts (existing conditions of vacancy, reduced traffic, etc.); how negative impacts can be addressed/ameliorated; benefits and long term impacts to the area and the community
- Description and details of the proposed strategy for the overall commercial corridor revitalization including what types of projects are needed; what stakeholders/partners are involved that will undertake projects or be part of overall approach to address decreased foot traffic and economic activity; describe benefits to the area and the community for implementing this strategy; process undertaken to identify and determine which projects would be included in the application for grant funding; include a narrative on how the proposed Revitalization Strategy and Projects will address the impacts of COVID-19; and why this capital expenditure is the most appropriate to address the economic harms caused by COVID-19
- Overall Application Budget Sources and Uses – this would include all Projects within the application, indicate the Grant funds being requested per Project, and identify other funding sources
- Strategy Implementation Timeline –showing key milestones for start of projects to be undertaken, securing of required additional funding, construction progress, and completion of each project. Note that in order to ensure that federal expenditure deadlines are met, it is anticipated that

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all projects to be undertaken with Grant funding will be fully completed by September 30, 2026

- Applicant’s experience and capacity to undertake and oversee the overall Revitalization Strategy and to monitor and ensure completion of the proposed Projects
- For each Project that is to be funded with Grant funds, provide project narrative including scope of work to be done/plan for rehabilitation if applicable; owner and developer information and experience including required disclosures and certifications; evidence of or path to site control; financial viability related information such as sources and uses budget, evidence of or ability to secure other funding, proforma if relevant; explanation of why these grant funds are needed; project development timeline

If a municipality is designating a municipal entity, county entity, or a not-for-profit local economic and community development entity to apply on their behalf, a letter from the municipality (Mayor or their municipal employee designee) designating such entity is required and indicating approval of the application and the projects within the application.

**Review Factors for Funding Consideration**

Applications will first be reviewed for application completeness to ensure all necessary Application information and documents are submitted and complete. At the sole discretion of the Authority, staff may ask for clarification of the information included in the application, including but not limited to narrative responses, supporting documentation, and attachments. Applicants will be given ten business days to cure any deficiencies and/or to provide any clarifying information or documents.

All applications will be reviewed by Authority staff to confirm that sufficient information and details regarding the following items have been satisfactorily included and are consistent with the Program outlined in this Board Memo:

- Key commercial corridor area has been designated and description of COVID-19 related negative economic impacts has been provided;
- Overall Revitalization Strategy outlines plan to address the negative impacts and increase foot traffic and economic activity within the Corridor;
- Proposed projects to be undertaken with Grant Funds are eligible as outlined herein;



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- Applicant and/or Project developers have provided evidence of sufficient capacity and experience to undertake the revitalization strategy and Projects;
- Financial information provided evidences reasonableness of proposed costs and ability to provide or secure minimum matching 20% of total Project costs;
- Timelines to undertake the strategy and complete the proposed Projects are reasonable and evidence completion before September 30, 2026.

A cost reasonableness analysis will be completed prior to any Project being approved. Additionally, the Authority will undertake project financial gap analysis to ensure reasonable profit/returns.

**Board Approval**

Following application submission and determination by staff of completeness, eligibility, and conformance with Program requirements per the above review factors for funding considerations, all applications will be presented to the Board for funding consideration. To ensure that federal expenditure deadlines are met, staff recommendations to the Board for approval of applications will include timelines and anticipated project development milestones to be met and will indicate that if timelines are not met, then the Authority may either allow for reallocation to a different project and/or either may recapture or require repayment of Grant funds and/or the Applicant may no longer be eligible for any remaining unused grant funds.

Following Board approval, the Authority will issue an Approval letter listing requirements and timelines for submission of required documents and information required to proceed to a Grant Agreement. Such required documentation may include, but is not limited to, the following: evidence of site control and site ownership for each Project; Project developer organizational documents and certifications; Project budgets; evidence of other financing; project development milestones and timelines; general contractor information; and evidence of required insurance.

Applicants will be given 60 days, which may be extended up to an additional 60 days by the Authority at its sole discretion, to submit required documentation. If an approved Applicant does not submit requested information within the given timeline, the Authority's approval would be withdrawn, and the Projects would not proceed.

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<b>Grant Funding</b>	<p>In order to provide Grants and support projects in several different municipalities, only one application proposal may be submitted per eligible municipality.</p> <p>Maximum grant funding amounts per application will be based on commuter-adjusted population size:</p> <ul style="list-style-type: none"><li>• Maximum grant funding of \$7 million for municipalities with commuter-adjusted population over 100,000</li><li>• Maximum grant funding of \$5,732,716 million for municipalities with commuter-adjusted population under 100,000</li></ul> <p>Minimum grant funding request would be \$1 million for any municipality.</p> <p>Program grant funding may not exceed 80% of the total of all project costs within the approved application.</p> <p>As outlined below in the Grant Agreement section, if timelines for meeting project milestones are not met, then the Authority may recapture or may require repayment of Grant funds and/or the Applicant may no longer be eligible for any remaining unused grant funds.</p>
<b>Grant Agreement and Funding Disbursement</b>	<p>Following Board approval and upon satisfactory submission in a timely manner of Approval Letter documents and conditions, the Authority will enter into a Grant Agreement (“Grant Agreement”) with the Applicant municipality. The municipality shall be responsible for assuring the compliance with all terms and conditions of the application, Grant Agreement, and the Program funding requirements.</p> <p>The Grant Agreement will include descriptions of the Corridor and the Revitalization Strategy, each separate Project to be funded with Grant funds, eligible Project costs, the amount of Grant funding, and all financial programmatic requirements including the amount of other funding as may be applicable.</p> <p>The Grant Agreement will detail state and federal requirements (some included above). All Projects that are developed/redeveloped with Urban Investment Fund Grant Program funding shall be subject to compliance with New Jersey prevailing wage law and compliance with other labor standards requirements, as well as other state requirements which may be applicable depending on project details and funding amounts including possibly New Jersey Executive</p>

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Order 215 of 1989 regarding Environmental Assessments. No construction can have started on any Project prior to execution of a Grant Agreement.

For Building Rehabilitation projects, the Authority will require that the applicant file a 5-year deed restriction on the property utilizing the Authority's required restriction language. The deed restriction will be released by the Authority after 5 years from final Project closeout.

The Grant Agreement will detail timelines and milestones to be met for the completion of each Project as part of the overall Grant funding. At the Authority's sole discretion, the Authority may grant timeline or milestone extensions. The Grant Agreement will indicate that to comply with federal funding requirements, all Projects must be fully completed, and all funds fully disbursed by 12/31/2026.

Should any Project not be able to meet key milestone dates then the Municipality may request a modification in Project scope or request approval of an alternative Project. The Authority at its sole discretion will consider such request and under delegated authority described in this Board Memo may approve such a Project modification.

The Grant Agreement will also indicate that if timelines for meeting project milestones are not met, then the Authority may recapture or may require repayment of Grant funds and/or the Applicant may no longer be eligible for any remaining unused grant funds.

The Grant Agreement will detail the funding disbursement process. Following the execution of the Grant Agreement, Grant funds will be disbursed either incrementally as eligible Project expenses are incurred and may be prorated with other funding sources, if applicable, with the Authority's standard construction retainage withheld until project completion or grant funds may be disbursed in coordination with the other funder's disbursement process. Funding disbursement requests must be evidenced by documentation supporting that the expenses were incurred, work has been performed in accordance with prevailing wage and labor standards compliance requirements, and work was done consistent with Grant approval and eligible uses of Program funding.

Applicants will be responsible for and required to ensure that all Grant Agreement requirements between the Authority and applicant are subsequently imposed on the Project developers through separate funding agreement(s) between the applicant and the Project developers.

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<b>Delegated Authority</b>	As part of this Board Memo, delegated authority is requested for the Authority's CEO to approve changes to an approved application and Grant Agreement terms including adjusting of approved project funding amounts, modifications to approved project details/scope of work project, and changes to milestones and completion timelines within an approved application in alignment with federal expenditure deadlines. This would allow for all material terms of the agreement to change with the CEO's approval except for changes to the identified and approved commercial corridor area and/or the requirement that a minimum of two projects must be undertaken.
<b>Fees</b>	As allowed by EDA's recently revised fee rules, no application fee will be charged because EDA is using part of the funds for EDA's administrative costs.