

## Emerging Developers Grant Program Frequently Asked Questions

Please see full eligibility criteria outlined on the program web page [www.njeda.gov/emerging-developers/](http://www.njeda.gov/emerging-developers/). If any of your questions are not answered below, please email [emergingdevelopers@njeda.gov](mailto:emergingdevelopers@njeda.gov) to receive a response from NJEDA staff.

### **What is the Emerging Developer Grant Program?**

The Emerging Developer's Grant Program was created to support small-scale real estate developers rehabilitate a commercial and mixed-use property in New Jersey. This grant will support only the developer's soft costs during their pre-development phase.

### **Why is a focus on pre-development soft costs considered critical for emerging developers?**

A focus on predevelopment soft costs is considered critical for emerging developers because it helps alleviate financial burdens associated with necessary expenses before seeking construction financing, enabling them to expand their portfolios and participate more robustly in real estate development.

### **Who is eligible to apply for this program?**

#### **To be eligible for the Emerging Developers Program, you must meet the following criteria:**

- Cannot employ more than 5 full-time employees at the time of application, as evidenced through payroll documentation such as WR-30, or other documentation acceptable to the NJEDA if applicable.
- Must have site control at the time of application.
- Project type must be mixed-use or commercial – exclusively residential is ineligible.
- Must have completed at least two and no more than five commercial and/or mixed-use properties of similar scope.
- Must be in good standing with NJEDA, NJ Department of Labor & Workforce Development, and NJ Department of Environmental Protection.
- Must have a current tax clearance certificate (unless not required to register with Division of Taxation).

### **Do I need to be in good standing with State of New Jersey to apply?**

Yes, prior to an approval NJEDA staff will be checking to ensure the applicant is in good standing with the NJ Department of Labor and NJ Department of Environmental Protection. To verify applicants are in good standing with the NJ Division of Taxation, applicants must provide a

current tax clearance certificate. Please use the resource below to assist you with obtaining your Tax Clearance Certification.

### **What is a New Jersey Tax Clearance Certificate?**

A New Jersey Tax Clearance Certificate, often referred to simply as a "tax clearance," is an official document issued by the New Jersey Division of Taxation. This certificate serves as proof that an individual or business is in good standing with respect to their tax obligations in the state of New Jersey.

To print your tax clearance certificate and view detailed instructions please visit:

<https://www.njeda.gov/securing-your-tax-clearance-certificate-directions-client-private-business/>

[For any questions related to your tax clearance certificate, please email businessassistancetc.taxation@treas.nj.gov](mailto:businessassistancetc.taxation@treas.nj.gov) or call 609-322-6835.

### **Do I have to live in New Jersey to apply?**

No, you do not have to be a current resident to apply. However, the project site in which you are applying for support would have to be in New Jersey.

### **Do I have to own the project site?**

Yes, site control is required. This may be through ownership (must provide a deed at time of application) or through a lease (term of lease must be 5 years beyond completion date to show site control). If the applicant does not have site control at time of application, they will be declined.

### **What kind of documentation is required to demonstrate ownership of the site at the time of application?**

To demonstrate ownership of the site at the time of application, a copy of the Deed that lists the applicant entity as the owner (of 51% or more) of the property is required. Purchase, sales, and lease agreements are not eligible documentation.

### **What documents must be submitted to analyze my prior experience and capacity of similar projects?**

To analyze the capacity and prior experience of the applicant, the following documents are necessary:

- **Organizational Chart:** A detailed organizational chart outlining the structure of the development entity, including key individuals and their roles.

- **Funding Commitments (if applicable):** A list of existing financial commitments, loans, lines of credit, and outstanding debts. Details on any pending or anticipated financing agreements or funding sources.
- **Project Portfolio Overview:** A comprehensive overview of the development entity's portfolio, showcasing completed commercial or mixed-use properties, including details on size, scope, and success. The project must have been issued a Certificate of Occupancy (CO) and tenant(s) utilizing the property. The project has been successfully completed, indicating that all necessary construction and development activities have been finished.
- **Experience Documentation:** Detailed documentation highlighting the development entity's experience in completing at least two but no more than five commercial and/or mixed-use properties.

**If I don't have the necessary experience, is it possible for me to collaborate with another developer who has prior experience?**

Yes, if they have not successfully finished more than five projects. Please be aware that we will conduct EIN number verification for each application and assess equity or ownership percentages of 51% or more as part of the review process to ensure a 51% owner isn't applying on various applications. Please remember there is only one award per Development Entity. One award will be provided per Development Entity. Developer Entities that have common majority ownership are ineligible for more than one grant.

**Is there an incentive offered to projects in designated Opportunity Zones or Government Restricted Municipalities (GRM)?**

A bonus of an additional \$50,000 will be given to Projects located in a designated Opportunity Zone or Government Restricted Municipality ("GRM"). [Opportunity Zone Map](#)

**What are the eligible soft costs for reimbursement under this program?**

Soft costs eligible for reimbursement under the NJEDA's Emerging Developer's Grant Program may include but are not limited to:

- **Architectural and Design Fees:** Costs associated with the planning and design of the development project.
- **Construction Drawings and Specifications:** Expenses related to the detailed drawings and specifications required for construction.
- **Engineering Fees and Surveys:** Costs for engineering services and land surveys necessary for the project.
- **Municipal Zoning and Inspection Fees:** Fees associated with obtaining necessary zoning approvals and inspections from the local municipality.
- **Insurance Costs:** Expenses related to insurance coverage for the development project. –
- **Professional Fees:** Charges for professional services, which may include legal, accounting, or consulting services.

- **Legal Fees:** Costs associated with legal services related to the development project.
- **Accounting Fees:** Expenses for accounting services related to the financial aspects of the project.
- **Project Management Fees:** Costs associated with project management services.
- **Market/Feasibility Study:** Expenses for studies assessing the market and feasibility of the development.
- **Appraisal:** Costs associated with property appraisal.
- **Phase I Environmental Review:** Expenses for the initial environmental assessment of the property.
- **Property Taxes (Must be Current):** Payment of property taxes that are up to date.
- **Loan Interest (if applicable):** Interest payments on loans related to the development.
- **Utilities:** Costs associated with essential utilities for the development.

It's important to note that costs associated with the purchase of the site or property and construction-related expenses are not eligible for reimbursement under this program. Always refer to the program guidelines or contact the NJEDA for the most accurate and up-to-date information on eligible soft costs. If there is a question or concern over a potential cost, please email [emergingdevelopers@njeda.gov](mailto:emergingdevelopers@njeda.gov) to ask your questions prior to applying.

### **Can I use this funding for a 100% residential project?**

No, this program is solely for Mixed-Use and Commercial space projects. If applicants apply for this program and their project is 100% residential, then it will be declined.

### **I just applied. When will I hear from someone about the status of my application?**

NJEDA staff will review your application and all your documentation provided in the order it was received and follow up with you via email. If you have any questions prior to submitting your application, please send an email to [emergingdevelopers@njeda.gov](mailto:emergingdevelopers@njeda.gov). After staff has reviewed your documentation and if your application is approved, then Applicants will receive an email notifying them of their approval. Awardees will then proceed to work with the NJEDA Closing Department to execute their grant agreement.

### **What happens if my application is declined?**

If an Applicants is declined, they will receive an email explaining the reason for their denial. The email will inform them of the option to appeal and provide details on the appeal process.

### **Can I appeal my declined application?**

In case of application denials, entities have the right to appeal. The applicant must file appeals within 10 business days as identified in the declination letter. Your appeal will be assigned to a Hearing Officer for their review and once a decision has been made you will be notified. If you have any questions, please send an email to [emergingdevelopers@njeda.gov](mailto:emergingdevelopers@njeda.gov).

### **How long is the approval process?**

Our team will begin the review of applications upon their receipt, and we will proactively reach out when necessary or information is needed to decision the application. If applicants seek an update on their application status, they are encouraged to send an email to [emergingdevelopers@njeda.gov](mailto:emergingdevelopers@njeda.gov) to request the information they need.

### **When will the application be available?**

While there is not an official launch date currently, the application is scheduled to launch on the NJEDA website early May 2024. Once available to the public, it can be found here [www.njeda.gov/emerging-developers/](http://www.njeda.gov/emerging-developers/). Applications will be accepted on a rolling basis until all funds have been committed.

### **Is there an application fee to apply, and is it refundable?**

The application fee due at time of application for the Emerging Developer's Grant Program is \$1,000. It is non-refundable, meaning that once the fee is submitted with the application, it will not be returned, regardless of the outcome of the application. This fee is a standard requirement to initiate the application process and undergo the review for eligibility and consideration for the grant program. Applicants will have the ability to pay this fee via credit card to submit their application.

### **If I submit my application but accidentally omit certain documents (such as tax clearance or formation documents), can I submit them after?**

Yes, applicants will have the ability to provide missing documentation after they have been contacted by NJEDA. In order to expedite processing, there will only be a period of 15 business days for applicants to provide any missing or insufficient documentation.

### **What are my responsibilities in terms of compliance to receive grant reimbursements?**

The Development Entity has several responsibilities in the application and disbursement process:

Submit a Complete Application:

- Ensure your application includes all required documents and information to demonstrate your eligibility for the Emerging Developers Grant Program.
- Incomplete applications may delay or even disqualify you from receiving the grant.

Meet all Grant Agreement Conditions:

- Carefully review the grant agreement you receive after approval. It outlines essential guidelines and requirements you must follow to maintain your eligibility for reimbursement.
- Understand your responsibilities before signing the agreement to avoid potential complications down the line.

#### Follow Reimbursement Procedures:

- The grant agreement will explain how to submit invoices and receipts for eligible pre-development soft costs to receive reimbursements.
- Make sure you follow these procedures accurately and on time to receive your funds smoothly.

#### **What percentage of pre-development soft costs will the grant reimburse?**

Grants will reimburse up to 50% of the grantee's eligible pre-development soft costs after they have executed their grant agreement. Only soft costs that are incurred up to one year prior to the grant application and until one year following the date of execution of the grant agreement will be eligible for reimbursement.

#### **What is the timeframe for eligible costs incurred for reimbursement?**

Eligible costs for reimbursement must be incurred up to one year prior to the grant application and within one year following the date of execution of the grant agreement.

#### **After I sign my grant agreement, how do I begin receiving reimbursements?**

When awardees sign their grant agreement a requisition will be an exhibit in their grant agreement. This form, as well as detailed invoices and receipts for each incurred soft cost, clearly outlining the nature of the expense, amount and date of payment, must be submitted to (provide your general inbox email). Staff will reach out if additional information is needed to process your request, if not you will be sent a check in the mail to the address provided at time of application. Documentation is at the sole discretion of NJEDA to accept or request additional support. To expedite drawdowns please provide detailed support to your request with all documentation.

#### **Am I eligible for other State resources to assist with my project?**

Yes, as this is not a federally funded program. The New Jersey Department of Community Affairs (DCA) [Department of Community Affairs \(DCA\)](#), New Jersey Redevelopment Authority (NJRA) [New Jersey Redevelopment Authority](#) and New Jersey Housing and Mortgage Finance Agency (NJHMFA) Agency [New Jersey Housing and Mortgage Finance Agency](#) can all provide resources that can support the construction phase of your project.

#### **Can Non-Profit and For-Profit entities apply?**

Yes – both are strongly encouraged to apply. They still must meet the eligibility and project experience to be eligible for this grant though.

**If I have received funds for Cannabis, can I also apply for this program?**

If the applicant, or any person who owns/controls more than one percent of the stock of the applicant and has applied for or received a license or a certification from the New Jersey Cannabis Regulatory Commission (NJ-CRC), the applicant is ineligible for this program and should not proceed with an application.

**Can I begin construction before my application is approved?**

No, applicants that are approved will then enter into a grant agreement with NJEDA. A condition of that grant agreement is the awardee has not started construction. In order to be eligible for this grant funding awardees can't have started construction, or they would be in default of the grant agreement. If an awardee starts construction after an approval but prior to executing their grant agreement, they will have to withdraw and forfeit their grant funding.

