



Historic Property Reinvestment Program (HPRP) Frequently Asked Questions

(Revised 8/26/24)

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 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 checked using 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)

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 offered by the NJEDA. The Authority is committed to making programs “stackable” for all applicants that apply and meet the individual program’s qualifications. We will work with you and our team at the NJEDA to find what programs work best for your project. Any applicant considering stacking NJEDA programs is strongly encouraged to reach out to the NJEDA’s Historic Preservation team prior to the opening of an application window. The team can be reached at HistoricTaxCredit@njeda.gov.

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.

NOTE: A new bill, passed in 2024, made modifications to percentages and award caps under the Program as follows:

- Transformative projects: 45% of eligible costs, up to a maximum of \$50 million
- Projects located in Government Restricted Municipalities or Qualified Incentive Tracks: 60% of eligible costs, up to a maximum of \$12 million
- All other projects: 50% of eligible costs, up to a maximum of \$8 million

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.

Currently, the tax credit certificate can be applied to following New Jersey taxes: C.54: 10A-5 Franchise Tax, C.54: 18A-1 Premium Tax, and R.S 54: 16-1 Marine Insurance.

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 NJEDA’s Board, changes in the work as detailed within the rehabilitation agreement require prior review and written approval by the Authority. Changes in the work may include, 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. 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. This requirement does not apply to projects located within a Government Restricted Municipality or with a total project cost of under \$5 million.
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 except for limited instances meeting allowable exceptions as further detailed below.
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”.

Am I able to start construction prior to submitting and application and receiving approval under the Program?

The applicant entity cannot commence any construction or rehabilitation activity at the site of the rehabilitation project prior to submitting an application, or prior to the execution of the rehabilitation agreement unless work completed or to be completed meets one of the following exceptions:

1. Work has been approved by the New Jersey Historic Trust or the New Jersey State Historic Preservation Office as meeting the Secretary of the Interior’s Standards for Rehabilitation.
2. The business entity has been ordered by a building code or other official with jurisdiction over the site or the rehabilitation project to correct a health, safety, or other hazard. The work must be limited to correcting the identified issue and must be completed in accordance with the Secretary of the Interior’s Standards for Rehabilitation.
3. Work was completed by the applicant more than two years prior to the date of application to the Program.
4. Work was completed within two years of application in accordance with the Secretary of the Interior's Standards for Rehabilitation.
5. Construction or rehabilitation activity completed at the project site was conducted by an entity that is not the current owner or business entity, or an affiliate of the current owner or business entity, and was not done at the direction of or under contract with the owner, business entity, or an affiliate of the owner or business entity.

Any work completed prior to submitting an application or execution of the agreement under the Program may be considered as part of the project but will not be considered as an eligible cost when calculating and determining potential award amount under the Program.

What are the Secretary of the Interior’s Standards for Rehabilitation?

The Secretary of the Interior’s Standards for Rehabilitation provide direction in making appropriate choices in planning the repairs, alterations, and additions that may be a part of a rehabilitation project. They are the standard most often used by historic preservation entities and organizations nationwide. The intent of the Standards is to assist the long-term preservation of a property’s significance through the preservation of historic materials and features. They cover the treatment of all materials on the exterior and the interior of historic buildings along with related landscape features and the building’s site and environment, and attached, adjacent, or related new construction. The Standards for Rehabilitation are codified in 36 CFR Part 67 and are a regulatory requirement for the Federal Historic Preservation Program.

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>).

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 permanent finishes throughout the building, 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.

The HPRP aligns its eligible cost with that of the Federal Historic Tax Credit program’s Qualified Rehabilitation Expenditures (QREs). More information on eligible cost inclusions and exclusions can be found here: <https://www.irs.gov/businesses/small-businesses-self-employed/rehabilitation-credit-historic-preservation-faqs#qre>

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 60% 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 1 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 may not start until the application window closes. As a result, an applicant may not hear from NJEDA until about a month after the application window closes. The multidisciplinary review of all applications include: 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 may 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 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.

Is a pre-application meeting with Authority staff required prior to applying to the Program?

A pre-application meeting is not required. However, potential applicants are strongly encouraged to reach out to the NJEDA's Historic Preservation Team prior to applying to the Program. Tax credit programs can be significantly more complex than grant programs therefore, even project teams with experience and success utilizing grant programs can benefit from information obtained from the Program's team. However, during an open application window, to avoid any perceived unfair advantage in what may become a competitive scoring process, the Team cannot meet with applicants to discuss the project/application. Should an applicant have questions during an open application window, all questions must be submitted to HistoricTaxCredit@njeda.gov and await a publicly posted response with identifying information redacted. All responses will be posted to the Program's website at <https://www.njeda.gov/historic-property-reinvestment-program/>

What kind of financial information am I expected to provide with my application?

All applicants are required to submit financial information to access program eligibility as follows:

- List of all sources of funding for the project showing sources equal to estimated total project costs.
- Backup documentation showing fund availability for all project's funding sources. Such documentation may include letters of intent for all construction and bridge loans, bank statements for cash at hand, approval documentation for grants received, and fundraising plan (non-profit applicants only*). In the case of other tax credit programs for which the entity may be planning to apply, such documentation may include proof of submission of application, and or information regarding expected application date and approximate date by which a decision is expected.
- Project proforma (for projects that must demonstrate a funding gap exists). A proforma template can be found in the "Application Materials" section of the HPRP website (<https://www.njeda.gov/historic-property-reinvestment-program/>).
- A market and/or feasibility study for the proposed use of the property by an independent third party, which shall include their position regarding the marketability and underwriting of the revenue and expense components of the property for the duration of the commitment period.**
- Information on the sale of HPRP credits and Federal Historic Tax Credits (if applicable) including amount of credits to be sold/transferred, sale price per dollar, and all terms and conditions.
- Any other information that may be required to access the project's funding gap, if applicable, and confirm that the project would not be feasible without the HPRP credits.

*Non-profit applicants may include projected fundraising amounts as part of their project sources as long as a fundraising plan outlining proposed fundraising activities is submitted as part of the application. This plan shall include outreach and show forecasted timelines and deadlines for achieving established goals.

**** Non-profit applicants who do not have and are unable to obtain/complete a Market and/or Feasibility Study should contact the NJEDA at HistoricTaxCredit@njeda.gov with information regarding the reason why they are unable to obtain/complete the Study and are requesting to submit alternate information/documentation instead of the required Market and/or Feasibility Study. Outreach must be conducted prior to submitting an application and prior to the application deadline.**

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. 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 https://www.njeda.gov/wp-content/uploads/2022/02/Historic_Project-Scoring-Criteria.pdf 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.gov 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's 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.gov/historic-property-reinvestment-program/>.