



Historic Property Reinvestment Program

2024 Fall Application Round

Questions & Answers Log – Last Updated 10/25/2024

Question Number	Received Date	Question	Answer Date	Answer
1.	9/10/2024	During the course of the project and beyond, what kind of documentation/procedures are required for compliance with the Program’s prevailing wage requirement?	9/16/2024	Information regarding prevailing wage requirements under the Program can be found on NJEDA’s website at https://www.njeda.gov/affirmativeaction/ . Additionally, detailed information and guidance of compliance requirements is also provided to all Program’s awardees at a pre-construction meeting.
2.	9/19/2024	Does a building on the campus of a private, non-profit university used for administration, classrooms and public use (open to the public) fit within the definition a “Qualified property”? Is the tuition we receive considered “income-producing”? It should be noted that the University serves as an economic engine for the region and the building is on the National Register of Historic Places.	9/20/2024	A private, non-profit university is considered a business entity (in the business/trade of education) within the HPRP and tuition as well as other sources of income such as donations, grants, patents, etc. can be considered as income. Therefore, if income is generated as a result of activities conducted within the building, the building would meet the definition of qualified property.
3.	9/19/2024	We plan to apply to the NJ Historic Trust funding. As with the NJEDA Historical Properties Program, I believe there is a matching requirement for the NJ Historic Trust. Is it possible to apply and receive an award from both programs for the same project and is it possible for the combined awards to total more than 50% of the cost of the project?	9/20/2024	There are no provisions within the HPRP that prohibit projects receiving funding from the NJ Historic Trust from also receiving a tax credit award under the Program. An approved grant amount would need to be shown in an HPRP application as one of the sources of funding within the funding stack. However, applicants to the HPRP must comply with feasibility and funding gap program requirements as follows: <ul style="list-style-type: none"> • Projects located within a Government Restricted Municipality (Atlantic City, Paterson, or Trenton) or with total project costs of under \$5 million must demonstrate at the time of application that without the tax credit, the rehabilitation project is not economically feasible. • Projects not located in a Government Restricted Municipality and with total project costs of \$5 million or more must demonstrate at the time of

				<p>application that without the tax credit, the rehabilitation project is not economically feasible and prove that a project financing gap exists, and the tax credit award being considered for the project is equal to or less than the project financing gap.</p>
4.	9/19/2024	<p>Requesting clarification regarding one of the acceptable identification requirements under the Qualified Property definition of under the Program. Specifically, clarification was requested regarding what would constitute identification “in accordance with criteria established by a municipality in which the property, structure or district is located if the criteria for identification or registration has been approved by the Officer as suitable for substantially achieving the purpose of preserving and rehabilitating buildings of historic significance within the jurisdiction of the municipality, and if located within a district, certified by the Officer as contributing to the historic significance of the district.”</p>	9/20/2024	<p>Under the HPRP a municipality with identification or registration criteria that has been approved by the Officer, means a Certified Local Government (CLG) as defined and mandated as part of an amendment to the National Historic Preservation Act of 1966. Identification by a local historic preservation commission that has not been certified as a CLG does not meet HPRP requirements for prior identification. A list of current CLGs in NJ can be found here https://www.nj.gov/dep/hpo/3preserve/clg_links.htm.</p>
5.	9/23/2024	<p>At what stage of design should a project apply to the Program?</p>	9/23/2024	<p>To apply to the Program, an applicant should have drawings with sufficient information to show existing and proposed wall configuration, anticipated changes (such as removal of existing fabric and introduction on new features). Drawings should include floor plans, elevations of all exterior facades and sections (if available). Additionally, information regarding treatment of historic fabric and new materials should be submitted either by a formal set of specification or with detailed notes in drawings and/or cut sheets showing information for materials, finishes and methods as appropriate to describe work throughout the building.</p> <p>Drawings and specifications submitted as part of an application under the Program are reviewed to evaluate project readiness, general compliance with the Secretary of the Interior Standards, and to assess appropriateness of</p>

				<p>project schedule and construction cost estimate. Additionally, drawings and specifications are also used to review eligible costs and to determine final tax credit award for the project. As a result, projects that are at least at a level of 60% design, Design Development Phase, or in Bridging Documents (for design-build projects) are likely best suited to apply. Please note, project readiness is reviewed as part of the evaluation process and is included in scoring criteria. Therefore, lack of substantial information contained in drawings and specifications may affect final project scores. For more information, please refer to scoring criteria here: https://www.njeda.gov/wp-content/uploads/2022/02/Historic-Project-Scoring-Criteria.pdf.</p>
6.	9/18/2024	<p>We are working on a project in [REDACTED] and the owner is interested in applying for the state credit this round. However, the building is currently not listed on the National Register, but we have submitted a Part 1 Application to the NJ SHPO and should be receiving a Determination of Eligibility from the SHPO by the end of this month.</p> <p>We are hoping that the project would still be eligible for this round of the state credit given that it will have a DOE this month and should be fully listed on the National Register in the beginning of the new year.</p>	9/26/2024	<p>Under the current application round the only allowable forms of prior identification are:</p> <ol style="list-style-type: none"> 1. Listing in the NJ Register of Historic Places 2. Listing in the National Registers of Historic Places 3. Designated as historic by the Pinelands Commission 4. Identified or register as historic by a Certified Local Government. <p>If the identification is as part of a district, the property must be certified as contributing to the district.</p> <p>NOTE: Changes made to the Program by a bill signed by Governor Murphy in June of 2024, allowing for a Part 1 approval by the NPS under the Federal Historic Tax Credit Program to count as prior identification under the Program, <u>will take effect after new rules for the HPRP are adopted.</u></p>
7.	9/27/2024	<p>We're wondering if the historic designation must be established prior to submitting the proposal on 10/29, or if a proposal can be submitted while the official designation is being reviewed?</p>	9/27/2024	<p>Prior historic designation is a program requirement. To be eligible under the Program a property must meet the Program's definition of "Qualified Property" (found under N.J.A.C. 19:31-26.2), prior to application submission.</p>

8.	10/07/2024	We are reapplying, having withdrawn an earlier application. Is our application considered a new or modified application?	10/07/2024	An entity that has withdrawn their application from a previous application round and is reapplying to the Program is not considered a modified application. The applicant will have to submit a new application, which will include an associated application fee.
9.	10/3/2024	I have a question regarding the HTC Application. We have a PILOT agreement that we are working on obtaining with the municipality. You list a PILOT as a development subsidy, but we believe this should better be listed as an operating subsidy and would be N/A for the development subsidy. Since this project would not be able to be completed without a PILOT agreement, we believe that there is a municipal benefit to the PILOT agreement. We listed the development subsidy amount as \$0. Do you have any disagreement on how we should be calculating this value or any other feedback on how I should proceed?	10/16/2024	We cannot instruct an applicant as to how to calculate or view a project's subsidies. It is recommended that you provide all available information showing all sources of funding and subsidies available for the project. Underwriting review of the application will consider all information submitted. While the review process allows for clarifying information to be requested, you may only be able to submit new information under specific circumstances.
10.	10/9/2024	We are considering applying for either the current round or the next round in 2025. Is there already a set date for a 2025 round?	10/16/2024	There is currently no set date for a 2025 round, but we are expecting that it will open sometime during Fall 2025.
11.	10/9/2024	We were informed that if we applied to both the Federal and State historic tax credit programs, the Secretary of the Interior's Standards review would be completed in one combined Standards compliance review. Can you please clarify how this aspect works? We have worked with NJ HPO already about some immediate stabilization needs, but only in an advisory capacity; they have not formally reviewed the full scope. If there are comments/changes to the project, would we work with you and HPO to address them?	10/16/2024	Full review for compliance with the Secretary of the Interior's Standards under the HPRP does not happen until after a project has received an Award approval from NJEDA's Board. If an applicant is in discussions with the NJ HPO while preparing an application to the HPRP, it is possible that HPO's approval will occur before a HPRP Award approval. In that case, we would accept the project as approved by HPO, even if there are design changes from what was originally submitted with the application. If the approval has not been completed, NJEDA's Historic Preservation staff will work with HPO and provide assistance, if needed, to complete the review. At no time would an applicant have to go through separate Secretary of the Interior's Standards reviews for NJ HPO and NJEDA.

12.	10/9/2024	Could we submit a Part 2 application (NPS Form 10-168a) in lieu of NJEDA HP-SC3-5?	10/16/2024	Yes. If you have already prepared or are preparing a Part 2 application form (NPS Form 10-168a) for the Federal Historic Tax Credit Program, you can upload that form instead of the NJEDA HP-SC3-5, even if the NPS form has not been approved yet. Upload the NPS form in the field that requires upload of NJEDA form HP-SC3-5.
13.	10/9/2024	Are projects submitted for the October 29 th round subject to the 24-month rehabilitation period or will that be extended to 36 months once the new rules are published?	10/16/2024	Single-phase projects submitted as part of the 2024 application round will be subject to the 24-month rehabilitation period.
14.	10/9/2024	For the Construction Cost Estimate, we have our own bid breakdown and the worksheets posted online for the Project Costs. Are there other forms you could send us about QRE calculations? Is there anything beyond the posted forms that we should use?	10/16/2024	The only forms required for the HPRP application are those mentioned and linked through the application. However, the Program’s definition of eligible costs is closely tied to the QRE definition under the federal historic tax credit program, so an applicant who is applying to both the State and the federal program may use QRE calculations to help determine eligible costs under the HPRP.
15.	10/11/2024	<p>The application states the requirement that the entity will "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."</p> <ul style="list-style-type: none"> • How are allowable exceptions determined? • If we are forced to start something due to an emergency that is within the scope of our application, does the work completed post-application to the HPRP but pre-commitment remain valid project QRE or is it excluded? • If excluded, can other spending be incorporated into the project that wasn’t part of the original application scope to make up the difference? 	10/16/2024	<p>The Program’s statute includes 5 prior construction allowable exceptions. An applicant submitting an application using one of the allowable exceptions will be required to submit documentation pertaining to the exception being claimed. Information on the allowable exceptions and specific documentation requirements can be found on our website under the “Prior Construction Allowable Exceptions” tab (https://www.njeda.gov/historic-property-reinvestment-program/) and are outlined in the application.</p> <p>Any work completed prior to submitting an application or execution of the agreement under the Program may be considered as part of the project (if it meets an allowable exception) but will not be considered as an eligible cost when calculating and determining potential award amount under the Program.</p> <p>No scope of work can be added to a project after submission of an application.</p>

16.	10/11/2024	Phasing as a nonprofit entity: <ul style="list-style-type: none"> • If project is phased, can a phase be begun when sufficient funds are raised to complete that phase only, even if not all funds have been raised for the rest of the project? • If a phase can be begun before money is raised for remaining phases, will the EDA then issue a certificate for part of the award allocation based on a TCO for that phase? 	10/16/2024	Funds for the entire project must be available at time of the Rehabilitation Agreement. Therefore, while a non-profit applicant must not have full project funds at hand at time of application (as long as a fundraising plan has been submitted with the application per application parameters), they must have funds for the entire project available at time of execution of the Agreement. This is true, even for phased projects. Phased projects under the Program are able to receive credits corresponding to each approved phase of work at completion and certification of each completed phase.
17.	9/10/2024	I'm writing to confirm that student housing is an eligible program end-use if the property owner signs a master commercial lease with a high educational institution.	10/18/2024	Under the described scenario, the project would fall under the category of a commercial use, rather than residential. Furthermore, since student dorms are considered "non-residential", affordable housing requirements under the program do not apply.
18.	10/16/2024	We are instructed to only fill in the blue cells of the HPRP Project Budget Cost Form (attached) but because the green cells have no formulas, they currently remain empty. Do we just leave the green and white cells empty or is there a more updated Excel sheet to use?	10/18/2024	While the green and white cells may appear to be blank, they have hidden formulas that are only visible to us when the file is "unlocked". Once you fill out the spreadsheet, the green and white cells will populate.
19.	10/16/2024	On the 'Sources and Uses' tab of the HPRP Project Budget Cost Form, should the Total Costs be inclusive of all project costs including the new construction portion of our project or only the adaptive reuse portion? Are costs relating to the new construction portion of our project Eligible Costs?	10/18/2024	Yes. Total Costs should represent the entire project associated with the rehabilitation and must include all non-eligible costs including all new construction, site work and demolition as well as eligible costs.
20.	10/16/2024	Are demolition costs associated with existing buildings that are damaged beyond repair included in Total Costs? Are they Eligible Costs?	10/18/2024	Demolition costs for partial or full demolition of a building or structure on the site are not eligible costs under the program; however, they should be included as part of the total costs.
21.	10/17/2024	With the new allowable exceptions for prior construction, can construction/rehabilitation activity proceed during the application review process?	10/18/2024	As long as work being completed prior to the execution of a rehabilitation agreement is in compliance with one of the allowable prior construction exceptions, it would not have an impact on the project's ability to receive an award under the Program. However, all work completed prior to

				the execution of the agreement, whether or not included as part of the project scope submitted as part of the HPRP application, will not be considered as an eligible cost. As a result, any costs associated with scope of work originally submitted as part of the application that is subsequently completed prior to the execution of the rehabilitation agreement, will be removed from all eligible costs and award calculations.
22.	10/17/2024	What is the anticipated application review timeline for the current window?	10/18/2024	At this time, we expect to be able to start making award recommendations for applicants under the Fall 2024 application window in early Spring 2025. However, review of applications can vary based on whether the NJEDA requires clarifying information from the applicant, as well as completeness of financial information submitted to satisfy underwriting review requirements.
23.	10/17/2024	Can multiple market/feasibility studies be submitted to satisfy the criteria indicated in the application?	10/18/2024	An applicant is not prohibited from submitting multiple market/feasibility studies as part of their application submission. However, information included must include information regarding marketability and underwriting of the revenue and expense components of the property for the duration of the commitment period.
24.	10/20/2024	Under General Project Information (slide 1/5 in sample application) there appears to be a link to calculate an adjusted basis of structure. That link does not seem to be accessible except within the app. Could you please make it available?	10/25/2024	The adjusted basis for the structure can be calculated by taking the cost of the property (excluding land) plus or minus adjustments to basis. Increases to basis include capital improvements, legal fees incurred in perfecting title, zoning costs, etc. Decreases to basis include deductions previously allowed or allowable for depreciation. Additional guidance on how to calculate the adjusted basis can be found on the National Park Service's website, under information for "substantial rehabilitation test" at the following address: https://www.nps.gov/subjects/taxincentives/eligibility-requirements.htm

25.	10/25/2024	We may submit an application to the Historic Property Reinvestment Program, but we have a question. According to your FAQs, we need to demonstrate that we have or will have "site control" over the property. Would a lease to purchase agreement confer "site control?"	10/25/2024	A requirement under the Historic Property Reinvestment Program is that the applicant, at time of application, must have site control or certainty of obtaining site control as demonstrated by an agreement that will provide site control. A lease to purchase agreement executed prior to submittal of an application, as long as it shows the lease or ownership of the property (site control) for a period of time of no less than the entire construction period plus 5 years, will meet the requirements to demonstrate site control of the property.
26.	10/25/2024	If a project is approved by the Board and is completed in accordance with the regs, when would the tax credit certificate be issued to the project?	10/25/2024	At project completion, the business entity must submit documentation for project certification similar to that required for other NJEDA tax incentive programs, which would include but not be limited to, information confirming that the project was completed as approved and documentation prepared by a CPA showing verified actual project costs.
27.	10/25/2024	For what year or years would the tax credits be applicable? By way of example, in other EDA programs, the tax credit award is divided into 10 equal installments, redeemable over 10 consecutive years. Will the credits from the HPR program be similar or different?	10/25/2024	<p>HPRP tax credits are considered as "one-and-done" credits because they are issued in a single certificate and not through the course of 10 years.</p> <p>Tax credits under the Historic Property Reinvestment Program are issued as a single certificate. Tax credit certificate issued will be valid for the accounting or privilege period in which the business entity receives a temporary certificate of occupancy for the rehabilitation project, or upon any other event evidencing project completion as set forth in the rehabilitation agreement. Multi-phase projects will receive a certificate of compliance allowing the business entity or co-applicant the use of a portion of the tax credit during the accounting or privilege period in which an approved phase is completed and for which the business entity receives a temporary certificate of occupancy for the phase, or upon any other event evidencing phase completion as set forth in the rehabilitation agreement.</p>

				The amount of credit claimed in an accounting or privilege period that cannot be applied for that accounting or privilege period may be carried over, if necessary, to the nine accounting or privilege periods following the accounting or privilege period for which the credit was allowed.
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