



**New Jersey Economic Development Authority
Real Estate Gap Financing Grant Program
NOTICE OF FUNDING AVAILABILITY**

The New Jersey Economic Development Authority (“NJEDA” or “Authority”) will begin accepting applications for the competitive pilot Real Estate Gap Financing Grant Program (“Program”) on **Thursday, October 10, 2024 at 10:00am EST.**

Applications will be accepted during a competitive application round through the Program’s online application portal, which will close on **Wednesday, January 8, 2025 at 5pm EST.** Applications are limited to one application per EIN and all applications will be reviewed following the closure of the application period. The application can be accessed at: [Real Estate Gap Financing Grant Program - NJEDA.](#) The Authority will accept questions regarding the Program during the first 30 days following application launch. Questions and responses will be posted on the Authority’s Program webpage.

The Program will make available grants between \$500,000 and \$5,000,000 for eligible real estate development projects located in distressed municipalities based on eligibility and scoring.

Purpose and Overview

The Program is a competitive grant pilot program that will deploy \$10 million in grant funds to real estate development projects that are either new construction and/or substantial rehabilitation projects. These projects must be located in distressed municipalities (as identified below) that require gap financing and also help address some of the negative economic impacts of the COVID-19 pandemic.

Funding for the Program

This Program will utilize \$10 million in appropriated funding through the Fiscal Year 2023 Appropriations Act P.L. 2022, c.49 (“Act”) which includes funds for “Gap Financing – Real Estate Projects Funding” from the American Rescue Plan (“ARP”) Coronavirus State and Local Fiscal Recovery Fund (“SLFRF”) which will be deposited into the Economic Recovery Fund (“ERF”). These funds have been repurposed from the former Construction Inflation Fund program.

The \$10 million program funding amount is based upon current information about funding availability. NJEDA reserves the right to decrease that amount and number of awards or increase both should additional funds become available.

Eligible Applicants

Eligible applicants are for-profit and non-profit entities (each, an “Applicant” or “Developer Entity”). Any city, State, or county entity and any state colleges or universities are **not eligible** to apply for this Program, including any such government entity that may also have a non-profit status under federal law. Applications are limited to one applicant per EIN.

Applicants must be in substantial good standing with the New Jersey Department of Labor and Workforce Development, New Jersey Department of Environmental Protection, and NJEDA prior to approval. The Program requires Applicants to provide a current tax clearance certificate at time of application to demonstrate the Applicant is in good standing with the New Jersey Division of Taxation, unless the applicant is not required to register with the Division of Taxation.

Eligible Project Locations

Applicants must ensure that the project location is located within a municipality ranked in **BOTH** the top 20% of the Department of Community Affairs 2023 Municipal Revitalization Index **and** the top 20% of Commuter Adjusted Population, as described below.

- **Top 20%** 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.
- **Top 20%** 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.

The 25 municipalities with areas that are eligible for the Program are: Bayonne, Belleville, Bridgeton, Carteret, East Orange, Elizabeth, Garfield, Hackensack, Irvington, Jersey City, Kearney, Lakewood Township, Linden, Long Branch, Middle Township, Millville, North Bergen, Orange, Pennsauken, Perth Amboy, Plainfield, Union City, Vineland, West New York, and Winslow.

Note: Although the cities of Atlantic City, Camden, Newark, New Brunswick, Passaic, Paterson, and Trenton meet the above location eligibility criteria, projects located in these cities are **ineligible** for the Program due to the significant funding that each city has received from other NJEDA programs, including the Activation, Revitalization, and Transformation (A.R.T.) Program Phase I, the Urban Investment Fund Grant Program, and the Atlantic City Revitalization Grant Program.

No Applicant (or Applicant related entity) may receive more than one grant award and only one application will be funded in any one, eligible municipality.

Eligible Project Types

The following types of real estate development projects (i.e., new construction and/or substantial rehabilitation as defined below) are eligible for the Program:

- Commercial (including office and/or supermarkets/grocery stores)
- Mixed-use developments (Note: Any residential portion must comply with the 20% reservation for low- and moderate-income households required by N.J.S.A. 52:27D-329.9(b).)
- Non-profit/community use projects (must not be government owned)
- Cultural, Arts, Performing Arts
- Manufacturing/Industrial
- **Note:** Any warehouse use included must be ancillary and in direct support of the site's eligible primary use.

Substantial rehabilitation shall have the same meaning as “reconstruction” in N.J.A.C. 5:23-6.3: “any project where the extent and nature of the work is such that the work area cannot be occupied while the work is in progress and where a new certificate of occupancy is required before the work area can be reoccupied. Reconstruction may include repair, renovation, alteration or any combination thereof. Reconstruction shall not include projects comprised only of floor finish replacement, painting or wallpapering, or the replacement of equipment or furnishings. Asbestos hazard abatement and lead hazard abatement projects shall not be classified as reconstruction solely because occupancy of the work area is not permitted.”

Ineligible Projects

- Projects consisting **solely** of warehouse and/or retail spaces.
- Projects primarily for governmental or educational use, including buildings that would be owned, ground leased, or primarily leased (51% of square footage) by governmental or educational entities following development.
- Projects that have started construction.

Construction, including demolition and remediation, cannot start until NJEDA's approval of the application. Additionally, applicants must agree to a 5-year deed restriction ensuring that there will be no change in the proposed project use for 5 years.

All projects will be subject to compliance with New Jersey prevailing wage law, affirmative action requirements and the Public Works Contractor Registration Act (N.J.S.A. 34:11-56.48 et seq.), which require all contractors, subcontractors, or lower tier subcontractors (including subcontractors listed in the 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.

Per US Treasury deadlines and federal SLFRF requirements, **all Program funds must be expended by December 31, 2026**. Therefore, project readiness to proceed and ability to complete the project within the program timeline requirements will be a key funding

consideration.

Grant Amounts

The minimum grant award for the program is \$500,000 and the maximum grant award is \$5,000,000 per project. As stated above, an Applicant (or Applicant related entity) may receive only one grant award. Further, only one application will be funded in any one, eligible municipality.

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. Program grant funding may not exceed 50% of the total of all project development costs within the approved application. Project costs may include: hard construction costs with a maximum 10% contingency; soft costs not exceeding 20% of total project costs; and developer fees not exceeding 10% of total project costs or as otherwise allowed by another State agency providing funding to a project. Property acquisition costs equity and operating costs are **not** considered as part of total project development costs.

All project costs and Grant funding are subject to federal Duplication of Benefits requirements and a cost reasonableness analysis will be undertaken by the NJEDA staff prior to project approval.

Note: Please see the Grant Agreement section outlining potential actions, including recapture or repayment of Grant funds, that the Authority may pursue if timelines for meeting project milestones are not met.

If an Applicant requests grant funding for an eligible project but there are not sufficient Program funds available to fund the full grant request, the Authority will inform the Applicant of the amount of grant funds available. If the Applicant wishes to proceed, the Applicant will be required to commit to and then fund the difference to fill the gap to ensure the submitted project proposal is undertaken as described.

If all Program funds are not awarded during the initial application period and/or if additional Program funds become available, then applications will be reopened on a rolling basis. Grants will be awarded on a first come, first served basis to eligible Applicants that meet the minimum score (subject to the limit on awards per municipality) and approved by the NJEDA's Board.

Application Submission and Review Process

The Authority will perform a review of all applications after the closure of the application period. Applications will first be reviewed for completeness to ensure that all necessary application information and documents are submitted and complete. Applicants will be given ten (10) business days to cure any deficiencies by submitting missing or incomplete documents ("cure period"). If at the end of this cure period the application is still incomplete, whether because of a lack of response or an inadequate response, the Authority will notify the Applicant that the application will not be advancing to be scored.

At the sole discretion of the Authority and at any time during evaluation, the Authority may ask for clarification of the information included in the application, including but not limited to narrative responses, supporting documentation, and attachments.

All project costs and Grant funding are subject to federal Duplication of Benefits requirements and a cost reasonableness analysis will be undertaken by the NJEDA staff prior to project approval.

Required Application Documents and Information

As part of the Program application, the Authority will request information about the proposed project, which may include, but which is not limited to:

1. Project description of overall project proposal describing building to be rehabilitated/new construction proposed, property/site details and location information, existing conditions of the building/property, and the proposed project type/building use.
2. Narrative describing how the proposed project is responsive to negative impacts of the COVID-19 pandemic (such as reduced economic activity, business/development delays or impacts, decreased pedestrian traffic or residents, conditions of vacancy, etc.)
3. Evidence of site control or a path to site control.
4. Municipal Letter of Support.
5. Project financial information including development budget, sources and uses, project feasibility, and evidence or status of financing.
6. Project development timeline/implementation schedule indicating readiness to proceed, status of funding, permit and other approvals, and ability to complete the project within the program timelines.
7. Applicant's organizational documentation.
8. Applicant's experience and capacity to undertake and complete the proposed project.

Note: Readiness to proceed and project development timelines for completion will be scoring factors. Applicants should provide as much detail as possible regarding the steps involved for project development and projected timeline for undertaking and completing the proposed project if Grant funds are awarded.

Scoring of Applications

Applications will be reviewed and scored by an evaluation scoring committee comprised of Authority staff. Applications will be scored on a scale of 0 - 100 points, with award recommendations to the NJEDA Board limited to applications that **meet or exceed the minimum score requirement of 65 points**. Applicants will be recommended from the highest scored to the lowest scored Applicant until all Program funding is awarded.

Applications will be scored based on the following criteria:

- Overall proposal concept (Proposed community and economic impacts/benefits of the project, project location, participation of Small, Women, Minority, Veteran Owned

Businesses, and ways in which proposed project addresses negative COVID-19 impacts) (up to **30 points**)

- Experience & capacity of applicant/development team (up to **20 points**)
- Readiness to proceed and reasonableness of proposed timeline to undertake and complete proposed project (up to **30 points**)
- Financial feasibility and cost effectiveness of proposed project (up to **20 points**)

All eligible applications that meet or exceed 65 points up to the available funding amount in the order of highest to lowest score will proceed to the Board for consideration of approval. All applications that have not been declined due to non-discretionary reasons will also proceed to the Board.

Grant Agreement

Following Board approval, the Authority will enter into a Grant Agreement with the applicant (“Grantee”) detailing the project to be funded, eligible project costs, the amount of grant funding, the disbursement process, and all financial programmatic requirements including the amount of other funding as may be applicable. The Grant Agreement will detail timelines for the project based on the project schedule included in the application and the project approval. At the Authority’s sole discretion, the Authority may grant timeline extensions.

The Grant Agreement will indicate that, in order to comply with federal funding requirements, all projects must be fully completed, and all funds fully disbursed by 12/31/2026. The Grantee shall be responsible for assuring the compliance of the project with all terms and conditions of the application, Grant Agreement, and the Program funding requirements.

Additionally, the Grant Agreement will state that if project development timelines are not met, 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 Authority will also require that the Grantee file a 5-year deed restriction on the property ensuring no change in the proposed project use utilizing the Authority’s required deed restriction language. The deed restriction will be released by the Authority after 5 years from final Project closeout.

Grant Funding Disbursements

Following execution of the Grant Agreement, Grant funds will be disbursed either (1) 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 (2) 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.

Fees

No application fees will be charged for this Program.

Additional Requirements and Information

Comprehensive information, including questions and EDA's responses, about the Program is available at [Real Estate Gap Financing Grant Program – NJEDA](#).

Questions concerning this Program or this Notice of Funding Availability should be submitted to realestateinfo@njeda.gov.

The NJEDA is subject to State and Federal statutes including but not limited to the following which may impact affiliates: N.J.S.A. 52:32-60.1, et seq., which prevents the New Jersey government entities from certain dealings with businesses engaged in prohibited activities in Belarus or Russia; Compliance with the list of “Specially Designated Nationals and Blocked Persons” promulgated by the Office of Foreign Assets Control (OFAC), <https://sanctionssearch.ofac.treas.gov>; N.J.S.A. 24:6I-49 which provides that the following are not eligible for most State or local economic incentives (a) a person or entity issued a license to operate as a cannabis cultivator, manufacturer, wholesaler, distributor, retailer, or delivery service, or that employs a certified personal use cannabis handler to perform work for or on behalf of a cannabis establishment, distributor, or delivery service; and (b) a property owner, developer, or operator of a project to be used, in whole or in part, by or to benefit a cannabis cultivator, manufacturer, wholesaler, distributor, retailer, or delivery service, or to employ a certified personal use cannabis handler to perform work for or on behalf of a cannabis establishment, distributor, or delivery service; and N.J.S.A. 52:13D-12, et seq., which prohibits a member of the Legislature or a State officer or employee or their partners or a corporation in which they owns or controls more than 1% of the stock to undertake or execute any contract, agreement, sale, or purchase of \$25.00 or more, made, entered into, awarded or granted by any State agency, with certain limited exceptions including grant awards by the New Jersey Commission on Science, Innovation and Technology.