

11.25.2024

Real Estate Gap Financing Grant Program Frequently Asked Questions (FAQ)



**** NEW, SUBMITTED QUESTION**

PROGRAM QUESTIONS

1. What is the Real Estate Gap Financing Grant Program?

The Real Estate Gap Financing Grant Program is a competitive grant 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 eligible distressed municipalities (see Question #4) that require gap financing and also help address some of the negative economic impacts of the COVID-19 pandemic.

2. Who can apply/who is an eligible applicant?

Eligible applicants are for-profit and non-profit entities. Applications are limited to one applicant per EIN.

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.

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

3. **If a property is owned by a trust, will that type of Applicant be eligible to apply for grant funding?

Eligible applicants are **for-profit** and **non-profit entities**. Applications are limited to one applicant per **EIN**. Applicants must fit into one of those entity types and have an EIN.

4. **Where must my project be located for it to be eligible for funding from the Real Estate Gap Financing Grant Program?

Eligible municipalities where projects could be located would include the 25 municipalities listed below:

Bayonne, Belleville, Bridgeton, Carteret, East Orange, Elizabeth, Garfield, Hackensack, Irvington, Jersey City, Kearny, Lakewood Township, Linden, Long Branch, Middle Township, Millville, North Bergen, Orange, Pennsauken, Perth Amboy, Plainfield, Union City, Vineland, West New York, and Winslow.

5. **How are projects in those municipalities eligible and projects in Atlantic City, Newark, and Trenton are not?

The project location must be 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 in the Board Memo.

Although the cities of Atlantic City, Camden, Newark, New Brunswick, Passaic, Paterson, and Trenton meet the above location eligibility criteria, EDA has recently targeted significant other program funding to these cities, 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 and therefore, project locations in **these seven municipalities are not eligible.**

6. **The municipality where my project is located is not eligible for the Real Estate Gap Financing Grant Program. Where can I learn about other funding programs from the NJEDA?

The New Jersey Economic Development Authority maintains a complete list of [active financing and incentive programs](#) on its website.

Questions about specific real estate projects can be directed to realestateinfo@njeda.gov and general questions about NJEDA programs can be directed to customercare@njeda.gov.

7. What types of real estate development projects are eligible for funding from the Real Estate Gap Financing Grant Program?

Eligible real estate development projects must be either new construction and/or substantial rehabilitation (as defined below) and must be one of the following project types:

- 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.

8. **Would a mixed-use property with warehouse and commercial space on the ground level and residential units above be eligible?

Mixed-use developments are an eligible use.

Per the [Board Memo](#), "Projects consisting solely of warehouse and/or retail spaces are ineligible for funding. Additionally, ***any warehouse use included must be ancillary and in direct support of the site's eligible primary use.***"

9. **Would an expansion of an existing building be eligible?

Projects that are new construction and/or rehabilitation of an existing eligible project type (listed above) would be eligible for funding. The defined project would need to be an eligible project type and meet other program requirements.

10. **Could adding additional residential units to an existing building be considered an eligible real estate development project?

11. **Would a 100% residential building be eligible for funding?

A project that would solely consist of residential construction and/or rehabilitation would be ineligible. Eligible project types are: Commercial (including office and/or supermarkets/grocery stores); Mixed-use developments; non-profit/community use projects (must not be government owned); Cultural, Arts, Performing Arts; and Manufacturing/Industrial.

12. **Would the repair and replacement of a parking lot be eligible?

13. **Would expanding a parking lot qualify for Real Estate Gap Financing Grant Program funding?

Eligible project types are: Commercial (including office and/or supermarkets/grocery stores); Mixed-use developments; non-profit/community use projects (must not be government owned); Cultural, Arts, Performing Arts; and Manufacturing/Industrial.

14. **Would these funds need to be paid back?

No, funding from the Real Estate Gap Financing Grant Program are grant funds and do not need to be paid back provided the awardee completes the project in accordance with the Grant Agreement.

15. **Does a property have to be owned by the Applicant at the time of Application?

The Real Estate Gap Financing Grant Program requires that Applicants have site control or a path to site control at time of Application.

16. **Are acquisition costs eligible?

Per the [Board Memo](#), "Acquisition funding and operating costs are not eligible."

17. Will projects be subject to prevailing wage requirements?

Yes. Projects must comply with the New Jersey Prevailing Wage Act. All NJEDA projects are subject to this requirement. Information about prevailing wage can be found at: <https://www.nj.gov/labor/wageandhour/prevailing-rates/public-works/>

18. **Do Davis-Bacon Act regulations apply to this program?

No.

While funding for this program was provided through the American Rescue Plan's ("ARP") Coronavirus State and Local Fiscal Recovery Funds ("SLFRF"), the State of New Jersey's Prevailing Wage Act applies for all projects funded through this program.

19. Is a project that has started construction eligible for the Real Estate Gap Financing Grant Program funding?

No, per the [Board Memo](#), projects that have started construction are not eligible.

Construction, including demolition and remediation, cannot start until EDA's approval of the application.

20. Is there a minimum grant and/or a maximum grant amount?

Yes. The minimum grant funding amount is \$500,000 and the maximum grant funding amount is \$5,000,000 provided to any one Project and/or to any one applicant.

21. **If my total project costs less than \$500,000, can I still apply?

The minimum grant funding amount for the Real Estate Gap Financing Grant Program is \$500,000. Grant funding may not exceed 50% of the total of all project development costs within an approved application.

As such, the minimum size of a project would need to have eligible total project development costs of at least \$1 million to be able to apply for this funding.

22. **Can a project apply for this program and other NJEDA programs (grants and/or Tax Credits)?

The New Jersey Economic Development Authority does not provide guidance on whether Applicants should or should not apply to multiple programs.

This program permits the award to be combined with other State, County, and/or Local sources of funding. However, applicants must ensure that Real Estate Gap Financing Grant Program requirements and the requirements of other funding sources align. NJEDA cannot advise as to whether accepting an award under this program would align with other funding sources.

NJEDA has a variety of different [grant and tax credit programs](#) available. Each program has its own requirements. Some of these programs prohibit funding from multiple NJEDA programs being used on the same project.

NJEDA recommends that Applicants review the requirements of funding opportunities that they are considering applying for.

23. What can Real Estate Gap Financing grant funds be used for?

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 and operating costs **are not considered** as part of total project development costs.

24. Will accepting this grant award impact the developer fee?

Yes. Developer fees may not exceed 10% of total project costs or as otherwise allowed by another State agency providing funding to a project.

25. Will retainage be withheld from construction disbursements?

Typically, EDA withholds 10% retainage during construction and releases retainage upon project completion.

26. **What will the timeline be for grant disbursements?

If an Applicant is awarded funding, the Applicant will enter into a Grant Agreement which spells out the conditions of the award – including the process for grant disbursements.

This process generally requires that Grantees submit funding disbursement requests with documentation evidencing 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 for eligible uses.

Typically, the NJEDA provides grant disbursements such that Applicants may request no more than one disbursement per month.

27. **What would constitute “construction completion” for the purposes of this grant?

28. **Do projects need to have Construction Completed or would a (Temporary) Certificate of Occupancy be required by the December 31, 2026 deadline?

The board memo states, “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”.

Providing a temporary certificate of occupancy is sufficient evidence of project completion.

APPLICATION QUESTIONS

29. When will the application be available and how do I apply?

The application became available beginning October 10, 2024 at 10:00am and will remain open until January 8, 2025 at 5:00pm. Applications and all program information can be found at [Real Estate Gap Financing Grant Program](#)

30. Is there a deadline to submit an application? Is the Program first come, first served?

Yes, there is a deadline of Wednesday, January 8, 2025 at 5:00pm to submit an application. The program is competitively scored – not first come, first served.

31. **Is it possible to have a list of documents that need to be submitted for this application?

Applicants should review the [Application Checklist](#) posted on the [Real Estate Gap Financing Grant Program](#) site.

32. Who can be listed as the Authorized Representative?

An Authorized Representative is someone who can legally bind the applicant. Only an Authorized Representative can certify the forms and content of the application.

33. Some questions don't seem applicable to small business /non-profit entities. Do I still have to respond to those questions?

The application is a Common Application that NJEDA uses for various programs and funding opportunities. NJEDA provides funding to many applicants including small businesses, real estate developers, governmental entities, not for profit organizations and financial institutions. Applicant/Company/Organization are used interchangeably throughout the application. Please answer all required questions on the application.

34. What is considered a related entity?

"Related organization" means the same as that term is described in the Glossary of the Instructions to IRS Form 990, as it may be amended or superseded from time to time. Consistent with the Instructions to IRS Form 990, that term means an organization, including a nonprofit organization, a stock corporation, a partnership or limited liability company, a trust, and a governmental unit or other government entity, that stands in one or more of the following relationships to the filing organization at any time during the tax year:

1. Parent: an organization that controls the filing organization.
2. Subsidiary: an organization controlled by the filing organization.
3. Brother/sister: an organization controlled by the same person or persons that control the filing organization. However, if the filing organization is a trust that has a bank or financial institution trustee that is also the trustee of another trust, the other trust is not a brother/sister related organization of the filing organization on the ground of common control by the bank or financial institution trustee.

4. Supporting/supported: an organization that claims to be at any time during the tax year, or that is classified by the IRS at any time during the tax year as:
(i) a supporting organization of the filing organization within the meaning of I.R.C. § 509(a)(3), if the filing organization is a supported organization within the meaning of I.R.C. § 509(f)(3); or
(ii) a supported organization, if the filing organization is a supporting organization.

Applications are limited to one application per EIN. No applicant (and or applicant related entity) may receive more than one grant award.

35. Who should be included in the development team?

36. **Would an Applicant need to show experience in the development of similar projects?

Applications for the Real Estate Gap Financing Grant Program will be reviewed and scored on several factors, including “*experience and capacity of the applicant and development team*” which will account for 20% of total score.

The Application requests information from the Applicant about the development team. For the Applicant and any consultants, contractors, or professionals involved in the project, please be prepared to provide a narrative that discusses similar projects undertaken and completed within the last 5 years. Supporting detail should highlight project name, project address, project start & end dates, total development cost, funding sources (e.g. tax credit, local/state/federal subsidy sources, etc.).

37. **If I am an emerging developer, should I include a sponsor or a partner in my application?

38. ** If my company is new, can I apply?

While the NJEDA does not advise on the structure of applications, an Applicant’s “experience and capacity to undertake and complete the proposed project” is a factor in this competitively scored Application.

If an Applicant believes that having a sponsor or a partner shows a greater degree of experience or capacity, the Applicant may include that other entity as a sponsor or partner.

39. If my small business is not in good standing with the state, will this affect my eligibility?

Yes, applicants must be in good standing with the New Jersey Department of Labor and Workforce Development and the NJ Department of Environmental Protection and also be able to provide a New Jersey Tax Clearance Certificate to be eligible.

Applicants will also be reviewed against the Federal System for Award Management to ensure entity is not debarred.

40. Where can you get a tax clearance certificate since this is a requirement of the program?

A tax clearance certificate is required to be submitted by the Applicant. The application asks that applicants submit a current tax clearance certificate at the time of application.

If you are not registered with Premier Business Services, visit the Premier Business Services portal https://www16.state.nj.us/NJ_PREMIER_EBIZ/jsp/home.jsp and select New Users Only – Create an Account and follow instructions for new account creation.

If you are already registered with Premier Business Services, log in https://www16.state.nj.us/NJ_PREMIER_EBIZ/jsp/home.jsp. Go to the Tax & Revenue Center and select Business Incentive Tax Clearance. If your account is compliant with its tax obligations and no liabilities exist, the Business Incentive Tax Clearance can be printed directly through the portal.

Questions regarding your account may be directed to NJ Treasury at 609-292-9292 or via email at Premier Services Registration at Integrated-Registration.Admin@treas.nj.gov.

41. **What would be considered “development equity” in the Budget Template?

Applicants should include any funds pledged by the Applicant toward the completion of the development of the project. Per the [Board Memo](#), “*Property acquisition costs/equity* are not to be considered as part of total project development costs.”

42. What would constitute evidence of financing?

For debt financing, please provide term sheets, commitment letters or other documentation evidencing the financing. This documentation should include information on the lender, duration of validity of loan commitment, and key loan terms.

For grants, subsidies, tax credits, and the like, documentation should include the source, date of commitment, term of validity of commitment, amount of commitment, etc.

For applicant equity, documentation may be in the form of a bank statement (for a private company).

43. **For the Municipal Letter of Support, is there a specific department or a certain official that the letter needs to come from?

The application notes that a Municipal Letter of Support must be signed by an authorized representative of the municipality where the project is located. Typically, a Municipal Letter of Support would be signed by the Mayor or their municipal employee designee.

Letters of Support should include (at a minimum) the Name of the Applicant and the Name/Address of the project associated with this Application.

44. What is the Duplication of Benefits affidavit?

As a part of the application, applicants will be required to confirm that there is no Duplication of Benefits (using federal money to pay for something twice) with other funds received.

Applicants will report on how those funds were used and how much money was received. Please report on the total amount received at the time of your application. Receiving previous

funding may not impact your eligibility to receive funding from the Real Estate Gap Financing Grant Program.

45. Can you save your application as you go?

You can save your application and come back to it as long as you complete the page you are working on. Make a note of where you left off so when logging back into your account, you should be able to start with the next page. Please see the Sample Application for guidance.

46. Am I able to edit the application after I submit it?

No, once submitted, the application locks.

47. Is there an application fee?

No. There is no application fee associated with the Real Estate Gap Financing Grant Program.

GENERAL QUESTIONS

48. What if I have any questions about the program or the application process?

Questions will be accepted regarding the Program during the first 30 days following application launch. Please submit all questions by November 12, 2024 to ensure a response.

All questions should be directed to realestateinfo@njeda.gov. Updated information will be provided on the website for this program and via updates to the Frequently Asked Questions document.

PLEASE NOTE:

The information contained in these Frequently Asked Questions is provided for general guidance purposes only. For full program information, consult the Board Memo and Product Specifications which can be found at – [Real Estate Gap Financing Grant Program - NJEDA](#)