EO 63 Listening Session
Aspire Program 3.0 Overview

May 8, 2025

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About the NJ Economic Recovery Act

Governor Phil Murphy signed the **New Jersey Economic Recovery Act of 2020 (ERA)** into law on January 7, 2021.

The ERA creates a package of **tax incentive, financing, and grant programs** that will build a stronger, fairer New Jersey economy.

The ERA is both a broad-based **recovery bill and reform bill** that will better position New Jersey to recover from economic crisis caused by the COVID-19 pandemic, while remaining true to the NJEDA's commitments to transparency and accountability.

Visit the NJEDA's website at **www.njeda.com/economicrecoveryact** to learn more about each of the programs within the ERA, or to provide general ERA feedback.

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Executive Order No. 63

Pursuant to Governor Murphy's Executive Order No. 63, the NJEDA is providing opportunities for groups and stakeholders to engage with the NJEDA in crafting rules around the Aspire 3.0 Program.

We welcome constructive input on how to ensure new programs created through the ERA are structured and administered in a manner that drives opportunities for all residents and communities.

The NJEDA will begin the session with a presentation to summarize the information – opportunity for public feedback will be available following the NJEDA's presentation. It is expected that the entirety of the session will take up to 90 minutes.

Recording of Public Feedback Sessions

Members of the public can submit written feedback on the Aspire Program 3.0 via www.njeda.com/program-specific-feedback through May 15th, 2025, 5:00 p.m. EDT

The Aspire Program 3.0 public feedback session will be recorded and posted on www.njeda.com/program-specific-feedback so that members of the public unable to participate in a virtual session have the opportunity to review.

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- To ensure everyone that chooses to has an opportunity to speak, **each speaker will have a maximum of three (3) minutes to speak and should limit input to matters pertaining to the Economic Recovery Act of 2020 and the Aspire Program**.

- **Each member of the public will have one opportunity to provide remarks.** If time remains at the end of the session, we will reopen the opportunity for additional remarks.

- **Speakers should not expect to engage in a dialogue. NJEDA staff may respond to basic questions or clarify a speaker's input.** However, NJEDA staff are not obligated to answer impromptu questions or address remarks from members of the public.

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Recording of Public Feedback Sessions

Members of the public can submit written feedback on the Aspire Program 3.0 via www.njeda.com/program-specific-feedback through September 15th, 5:00 p.m. EDT

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Legislative History

Jan 2021
Governor Murphy Signs NJ Economic Recovery Act

→ **Jul 2021**
Governor Murphy Signs Revisions to ERA

→ **Nov 2021**
EDA Board Approves Aspire Program Rules and files with OAL

→ **Dec 2021**
Rules Published in the NJ Register and public comment period begins

→ **Oct 2022**
Expiration of rules extended one year after significant public comment

→ **Jul 2023**
Governor Murphy signs amended Aspire legislation

→ **Nov 2023**
New rules brought in front of EDA board for approval

→ **Jan 2025**
Governor Murphy signs amended Aspire legislation

Aspire 3.0

- Signed into law January 23, 2025, made various changes to the Aspire program.
- The new bill enhances opportunities to finance projects in eligible areas, especially in the new and original Government Restricted Municipalities (GRMs.) It also increases the percentage award cap in the original GRMs.

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Eligibility – All Aspire Projects

FINANCING GAP

Projects must **demonstrate a project financing gap**

- "Project financing gap" refers to the part of the total project cost, including reasonable and appropriate return on investment, that remains to be financed after all other sources of capital have been accounted for

NJEDA will determine "**reasonable and appropriate return on investment**" relying on third-party analysis of project type, scale, geography, etc.

OTHER SOURCES OF CAPITAL INCLUDE:

- **Developer-contributed capital**
- **Deferred developer fees**
- **Federal tax credits (for certain purposes)**

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Key 3.0 Legislative Highlights

Implemented by Statute

- Three New Government Restricted Municipalities ("GRMs") – Camden, East Orange and New Brunswick can receive up to 80% of eligible cost
- Increase award caps for original GRMs (Atlantic City, Paterson, and Trenton) to 85% of eligible cost
- Transformative residential mixed-use projects square footage for commercial lowered from 50,000 sq. ft. to 30,000 sq. ft.
- Planning Areas 2 and Designated Centers under the state redevelopment plan are now eligible

Key 3.0 Legislative Highlights (cont’d)

Require Rules Revision

- A warehouse distribution or fulfillment center with at least $10 million in environmental remediation costs is now eligible, as certified by a Licensed Site Remediation Professional
- Tax credits can be redeemed by Treasury for 0.85 cents on the dollar. Treasury and the Division of Taxation will be responsible for this
- A new eligible project type: Special Mission Non Profit projects (“SMNP”)
- Eligible projects in GRMs can elect for a 5-year eligibility period
- Sale of Buildings Analysis

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Eligibility – Warehouse or Fulfillment Centers

Statute:

- **"Eligible Warehouse Project" means industrial space that is predominantly used for warehouse distribution or fulfillment centers if the eligible project cost includes at least $10,000,000 in environmental remediation costs.** All other warehouse distribution or fulfillment centers are ineligible.

Rules:

- These remediation costs **must be certified by a Licensed Site Remediation Professional as defined in Rules.**

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Statutory Language - SMNP

Special Mission Non-Profit Project

“Special Mission Non-Profit Project" means a project located in a government-restricted municipality or in an enhanced area that: serves a special mission, as determined by the authority, to accomplish the public purpose of a non-profit that is a developer of or is affiliated with the project; and includes no more than 100 units of 100 percent supportive housing units for tenants requiring special needs or social services, which social services may include licensed social workers, and no more than 25,000 square feet of commercial space for the provision of on-site social service programs that require a license from the Department of Children and Families as a licensed child care center.

Eligibility - SMNP

Definitions

Qualifying Applicants

- Non-Profit's purpose must include **a special mission to operate the specific supportive project proposed and service individuals with special needs identified in the project as demonstrated in their by-laws or through past experience**

Supportive Housing Definitions – As defined by EDA

1. "Supportive Housing Project"
   A project that where 100% of the space available for occupancy by individuals must be supportive housing occupancy available for overnight stays. A supportive housing project must have a social service coordinator and a social services plan that addresses the needs of the identified special needs population.
2. "Supportive Housing Occupancy"
   The space that is rented to and/or occupied by an individual with special needs, with a social service coordinator, a supportive services plan that addresses the needs of the identified special needs population.
3. "Special Needs Populations"
   Include individuals and families who need certain types of homes and/or community-based supportive services, usually on an ongoing basis, to remain capable of independent living in communities
4. "Social Service Coordinator"
   If a social service coordinator is being provided through a third party, then a signed agreement between the two parties is required. The coordinator must be dedicated to the project for at least 20 hours per week

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Eligibility – SMNP (cont'd)

GEOGRAPHY

SMNP Projects must be located in the following Incentive Areas:

- **GRMs**: Atlantic City, Trenton, Paterson, Camden, East Orange and New Brunswick
- **Enhanced Areas**: Jersey City, Newark, Elizabeth, Passaic, Hoboken, Paulsboro, Salem
- Link to our Mapping Tool here: https://njeda.maps.arcgis.com/apps/webappviewer/index.html?id=b32ea4347e6a4403a36859e6ee6e5c0a

PROJECT CAPS

- **85% of eligible costs up to $120 million** for all SMNPs in both GRMs and Enhanced Areas
- Credits are disbursed over the Eligibility period – SMNPs can select Five or Ten years

INELIGIBLE USES

- Ineligible uses include but are not limited to: **Long-Term Care Facilities, Adult Day Care Centers, Dormitories**
- Projects that currently qualify per program rules as **residential, health services centers or medical projects, and Food Delivery Source Projects**

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Exemptions - SMNP

Affordability Controls

- The legislation requires that the affordability controls in Aspire "at a minimum, be consistent with the affordability controls established in the rules and regulations adopted pursuant to the "Fair Housing Act" ...including, but not limited to, any requirements concerning the bedroom distributions, affordability averages, affirmative marketing, and long-term deed restrictions of residential units constructed for occupancy by low- and moderate-income households."
- Special Mission Non Profit projects are exempt from this requirement.

Net Benefit Test

- The test includes the direct, indirect, and induced benefits to the State, including local taxes that may benefit the State, and may include induced benefits derived from construction.
- Special Mission Non Profit projects are exempt from this requirement.

COMMUNITY BENEFITS AGREEMENT (CBA)

- Agreement may provide services to underserved communities or other investments that benefit the community as a whole.
- Special Mission Non Profit projects are exempt from this requirement.

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Five-Year Eligibility Period

KEY DETAILS

- Only eligible projects in GRMs or Special Mission Nonprofit Projects may elect for a 5-year eligibility period
- Review of Reasonable and Appropriate Return on Investment will be in Year 3
- Compliance – Annual reports over eligibility period – 5 years
  - Project financing gap will be over 10-year period
  - Affordability controls will remain unchanged from previous legislation
  - Net Benefit Test over 5-year period. NBTs have 125% coverage for commercial projects in GRMs.

Sale of Buildings Analysis

Definition

- The Authority will analyze the sale of the building(s) and condos and the impact to the economics of the project to ensure that there is not an over enrichment to the developer and to maintain consistency with the EDA Board approved project's scope and financial viability
  - The Authority will review the returns generated by the sale of the building(s) or condo(s) and how it impacts the total project return compared to the reasonable and appropriate rate of return at board approval. Should the anticipated return exceed the approved rate of return, the developer shall remit one half of the excess to the State in cash at the time of sale. The amount paid shall be kept by the State regardless of the project return at the end of the eligibility period. This will be considered a major modification.
  - The developer recipient must retain ownership of enough of the project to maintain the project's originally-approved eligible use, including but not limited to, a "Residential", "Transformative", "SMNP", "health care facility", "Mixed-use" project and/or any other future designations as determined by the Authority
  - Buildings can only be sold post-project completion/certification (or phased project completion/certification)
  - All compliance terms, including but not limited to affordability controls, prevailing wage and affirmative action requirements, will be maintained throughout the original eligibility period identified in the agreement, and will be the responsibility of the tax credit recipient (original developer/applicant)

Sale of Buildings Analysis - Example

Example

- The Authority will review the returns generated by the sale of the building(s) or condo(s) and how it impacts the total project return compared to the reasonable and appropriate rate of return at board approval. Should the anticipated return exceed the approved rate of return, the developer shall remit one half of the excess to the State in cash at the time of sale. The amount paid shall be kept by the State regardless of the project return at the end of the eligibility period. This will be considered a major modification.
  - For example, if a building or condo is sold in Year 3 of the eligibility period, and the proceeds of the sale are 4% above the reasonable and appropriate rate of return at board approval, then 50% of those proceeds shall be remitted to the State
    - The remaining years of the proforma would need to be supported by a third-party feasibility study
    - At the end of the eligibility period, if actuals still show that project return is above the reasonable and appropriate rate of return inclusive of any amounts remitted to the State, then additional payments would be due to the State as determined by the Authority.

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