

Cultural Arts Facilities Expansion (CAFE) Program

Overview

July 7, 2025



AGENDA

- 1 | How do Tax credits work, CAFE Overview, Program Goals, and Key Points
- 2 | Definitions
- 3 | Program Eligibility
- 4 | Additional Program Details, Prevailing Wage, Scoring, Timeline, and Fees
- 5 | Application Process, Ideal Project and How to Prepare

How Do Tax Credits Work?

- ▶ Disclaimer: The NJEDA does not broker, facilitate, or otherwise engage in the sale or transfer of CAFE tax credits, other than to approve such sale or transfer based on the requirements in the rules and statutes. Potential applicants may consider working with a consultant to obtain specific advisory services. Please refer to the program rules.
- ▶ CAFE tax credits can be sold directly or with the assistance of a broker. The cultural arts institution is responsible for identifying the broker or purchaser and otherwise structuring the monetization of the tax credit. Additionally, the purchaser must have an IPT or CBT liability. However, no tax credit can be sold without application to and approval by the Director of the Division of Taxation and the Authority, and all sales are subject to the conditions and restrictions in the rules and statute. Such conditions include that the tax credit can only be transferred or sold one time, a minimum transfer increment of \$25,000, payment of a fee per transfer, and a minimum price per tax credit.
- ▶ The CAFE tax credit may be applied to NJ Insurance Premium Tax (IPT) and NJ Corporate Business Tax (CBT).

How Do Tax Credits Work?

- ▶ Once the project is completed, the awardee claims the credit each year of the eligibility period. Under the CAFE Program, for example, if an awardee receives a \$25 million award, the recipient can claim a tax credit of \$5 million each year during the 5-year eligibility period.
- ▶ If an applicant sells the tax credit to an investor or syndicator, they will buy the tax credits from the awardee for 85 cents (or higher) on the dollar, before discounting. In this example, if an investor purchases the credit from the awardee for 90 cents on the dollar, the investor will purchase the credit for \$4.5 million each year of the 5-year eligibility period and receive a \$5 million tax credit for each year of the eligibility period.

How Do Tax Credits Work?

- ▶ To prove some additional context, previous awardees of NJEDA real estate tax credits have used various methods to bring cash into their projects.
 - ▶ One approach awardees have used is to bring the proceeds from the sale of the credits into the project each year of the eligibility period.
 - ▶ The second (and most prevalent method) is for an applicant to enlist a bridge lending source and monetize the credit to bring cash into the project at the beginning of construction. However, the bridge lending source will typically charge an interest rate that will further discount the tax credit award. The bridge lending source is typically a tax credit investor, bank or syndicator.
- ▶ As previously discussed, the applicant is responsible for determining how to monetize the tax credits. NJEDA does not broker tax credit sales.

Cultural Arts & Facilities Expansion (CAFE) Program Key Features



Established by legislation (S4011) signed by Governor Phil Murphy on December 21, 2023 (P.L. 2023, c.197, and codified at N.J.S.A. 34:1B-383 through -393)



Provides **tax credits** to incentivize broad scale **capital projects for arts and cultural venues** in New Jersey



Focuses on **development and rehabilitation of cultural arts facilities** as a key component of the state's economy



Awards up to 100% of eligible project costs capped at **\$75 million** per project



A project must have a financing gap and **not be economically feasible without the tax credit**



Tax credits awarded via **competitive application process**



Tax Credits are **transferable** (can be sold)



Anticipate **open competitive rounds** for applications through March 1, 2029, subject to tax credit availability (\$1.2 billion initially available)

Program Goals

- ▶ Increase the number of art and cultural experiences for residents and visitors.
- ▶ Promote equitable engagement with the arts for underrepresented groups and underserved communities.
- ▶ Create hubs of activity that attract visitors and stimulate local economies.

Development of cultural arts institution facilities are “inherently beneficial” to the State because they provide vital contributions to the communities in which they are located”



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Initial Key Points

- ▶ Tax Credit -- not a grant
- ▶ Board approved program rules on January 23, 2025, with addition of policy on prior construction on May 13, 2025
- ▶ The program supports the construction, rehabilitation, and expansion of cultural arts facilities
- ▶ To qualify, a project must result in least \$5 million capital investment
- ▶ To streamline program, operating reserve is not included

Definitions

“Cultural arts institution” or “applicant”

“Cultural arts institution” or “applicant” means an entity which has the primary mission and specific goal of cultural, arts and cultural education, or artistic enrichment of the people of this State and is one of the following:

- (1) governmental entity
- (2) nonprofit
- (3) governmental economic or community development entity that is incorporated pursuant to Title 15 of the Revised Statutes or Title 15A of the New Jersey Statutes, operating on a not-for-profit basis.

A “cultural arts institution” shall also include a for-profit business seeking a tax credit for a cultural arts institution facility that is open to the public provided that the cultural arts institution facility is receiving a federal historic rehabilitation tax credit, pursuant to the federal Internal Revenue Code of 1986, 26 U.S.C. § 47, or a tax credit pursuant to the “Historic Property Reinvestment Act,” N.J.S.A. 34:1B-270 through -276.

Eligible costs can be incurred by both applicant and affiliate.

Lead development entity serves as the developer and is paid by the applicant to do the work.

Co-applicant is a nonprofit that may receive (and sell) the tax credit.

Definitions Continued

"Cultural arts institution facility"

“Cultural arts institution facility” means an existing or proposed cultural arts facility within this State, operated and maintained by a cultural arts institution **and that is open to the public**. A “cultural arts institution facility” includes, without limitation, **an aquarium, botanical society, historical society, library, museum, gallery, performing arts center**, arts-based community centers, or any related facility that is principally for the support and benefit of any of the foregoing. The term “cultural arts institution facility” shall **not include facilities predominately used for athletics, recreation, and non-arts based community centers**.

Definitions Continued

"Open to the Public"

"Open to the public" means no special membership, invitation, appointment, or private status shall be required, and any member of the general public who wishes may enter, visit, participate, or attend. Access may be during specified hours and/or ticketed. As applied to a cultural arts facility in which primarily (i) objects of cultural and/or artistic interest are exhibited, the facility shall be accessible on average at least **20 hours per week**; (ii) performances are held in front of a live audience, the facility shall conduct **on average at least four events per month**; or (iii) arts education is conducted, the facility shall conduct art educational offerings, workshops, programs, or classes on **average at least four times per month**. The Authority may determine a different number of hours per week or other standard of "open to the public" either based on a standard generally accepted by custom or practice as full-time employment for subparagraphs (i), (ii), or (iii) above, or due to unavoidable closures or other circumstances approved by the Authority.

Definitions Continued

"Cultural arts project"

“Cultural arts project” or “project” means a capital project for the construction or improvement of a cultural arts institution facility that is located in the State for which a cultural arts institution is to be awarded tax credits by the authority under the program pursuant to a tax credit agreement, provided that the project for which the tax credits are awarded will result in a capital investment of at least \$5 million.

Definitions Continued

"Project Cost"

“Project cost” or “capital investment” means the costs incurred after application, except for soft costs, in connection with a cultural arts project by a cultural arts institution until the issuance of a permanent certificate of occupancy, or until such other time specified by the Authority, for a specific investment or improvement, including the costs relating to lands, buildings, improvements, real or personal property, or any interest therein, including leases discounted to present value, including lands under water, riparian rights, space rights, and air rights acquired, owned, developed or redeveloped, constructed, reconstructed, rehabilitated, or improved, any environmental remediation costs, plus soft costs of an amount not to exceed 20 percent of the total costs, and the cost of infrastructure improvements, including ancillary infrastructure projects. Project costs shall not include the cost of acquiring land. Vehicles and heavy equipment not permanently located in the building, structure, facility, or improvement shall not constitute a project cost. The fees associated with the application or administration of tax credits under N.J.S.A. 34:1B-383, et seq., shall not constitute a project cost.

Costs will be reviewed for reasonableness and appropriateness for the type of project.

If the cultural arts facility is a component of a larger facility, the otherwise eligible costs of any shared structures or improvements, including, but not limited to, foundations or parking lots, may be included as project cost only to the extent of the cultural arts facility’s pro-rata share, based on square footage, of the larger facility.

Additional Program Information

"Soft Costs"

"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**, 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. Soft costs may be **incurred up to 12 months prior to application**. "Soft costs" shall 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, pre-opening costs, commissions and fees to the applicant not included in the definition of project cost, project management, or other similar costs.

Additional Program Information

"Project Financing Gap"

“Project financing gap” means 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, including, but not limited to equity contributed by the cultural arts institution, which shall not be less than 20 percent of the total project cost, and investor or financial entity capital or loans; provided, however, that for a cultural arts project located in a government-restricted municipality, the capital contributed by the cultural arts institution shall not be less than 10 percent of the total project cost. **Equity contributed by the cultural arts institution includes funds raised by the cultural arts institution.**

NJEDA may use a third party to evaluate the project financing gap and reasonable rate of return.

Additional Program Information

Reasonable and Appropriate Return on Investment

"Reasonable and appropriate return on investment" means the discount rate at which the present value of the future operating cash flows of an investment equals the cost of the investment.

Eligibility at Application

ELIGIBILITY CRITERIA

- ▶ The applicant is a **cultural arts institution** and **will have ownership or lease space** in the cultural arts facility, **will operate** the facility, **and the project will be open to the public.**
- ▶ At application the applicant must provide the status of the ownership / lease. They will need to have an executed document as a condition of approval.
- ▶ The cultural arts project will result in a **capital investment** (eligible project costs) **of at least \$5 million.**
- ▶ Non-profit and governmental applicants must have a **primary mission** and specific goal of cultural, arts and cultural education, or artistic enrichment of the people of this State

Eligibility at Application

ELIGIBILITY CRITERIA CONT.

- ▶ **Letter of support** for the project from the local governing body (e.g., City Council) or Chief Executive (e.g., Mayor) of the municipality where the project is located.

Similar to Aspire: Except CAFE allows letter from Chief of Executive
- ▶ Letter of intent to partner with one or more community organizations that provide support and services to **Work First New Jersey** program recipients.
- ▶ Demonstrate a **project financing gap**, including a reasonable and appropriate return on investment, exists.
- ▶ **Independent third-party market study** showing there is demand for a cultural arts institution facility at the proposed project site and that it is expected to be successful.

Eligibility at Application

ELIGIBILITY CRITERIA CONT.

- ▶ Minimum **equity** from the applicant of 20% (10% in Government Restricted Municipalities GRMs (Atlantic City, Paterson, Trenton)). Like Aspire
- ▶ Equity must be contributed by applicant or affiliate. Certain grants may be included as equity (see program rules).
- ▶ If sufficient equity is available, no fundraising plan is needed; otherwise, a fundraising plan is required and may be considered an acceptable source of equity.
- ▶ Equity may include cash, costs for project feasibility for 12-months prior to application, property value less any mortgages.
 - ▶ The property value shall not equal 50 percent or more of the Equity.

Eligibility at Application

ELIGIBILITY CRITERIA CONT.

- ▶ Construction has **NOT** commenced, unless the Authority determines the project would not be **completed** without the tax credit. Similar to Aspire
- ▶ Refer to separate slide for additional information on projects that have **commenced construction and would not be able to be completed without the tax credit award.**
- ▶ Exceptions for demolition, remediation, and correction of a health / safety hazard (if ordered by an official).
- ▶ **Prevailing Wages:** construction contracts (which may include fixtures and permanent installations of sculptures and other art) and building services (e.g., janitorial services) contracts must adhere to New Jersey's prevailing wage and labor compliance requirements.
- ▶ Project Completion within **4 years** of executing tax credit agreement. Similar to Aspire
- ▶ **Good Standing** with sister agencies, including the Departments of Taxation, Labor & Workforce Development and Environmental Protection. Similar to Aspire

Eligibility at Application

ELIGIBILITY CRITERIA CONT.

- ▶ The applicant must also demonstrate that they have the ability to successfully complete and then operate the cultural arts project throughout the 5-year eligibility period.
- ▶ The applicant will be required to provide a market / feasibility study along with a project budget and operating costs to demonstrate that they have the ability to complete and operate the project as well as demonstrate that the tax credit is needed.
- ▶ Operating Plan for 5-year eligibility period including a staffing plan and pro forma.
- ▶ Green building standards apply. Similar to Aspire

CAFE Program

For projects that have commenced construction and would not be able to complete the project without an award of tax credits

Conditions	Related or Existing parties
Eligibility	<ul style="list-style-type: none">• Unexpected increase in construction costs of 10% or more after construction commenced.• Construction started after ERA enacted (January 7, 2021)• Must demonstrate that when they started construction, they had a credible financing plan• Can not credibly fundraise the gap within a reasonable timeframe (inability to fundraise for the additional cost). Certification by CEO will be required.
Award Amount	<ul style="list-style-type: none">• Award based on unexpected increase in construction costs (e.g. due to inflation or tariffs).[*] Require documentation of increased costs (based on budget at time construction commenced).• Award to be further constrained by deducting the sources raised.
Prior Costs	<ul style="list-style-type: none">• Prior Budgeted Costs are not eligible project costs (not included in award amount)• Prior Costs are included for the total project cost<ul style="list-style-type: none">○ Equity is calculated based on total project costs for all projects. This means the minimum equity contribution will be based on the full project amount.
Prevailing Wage	<ul style="list-style-type: none">• Must have paid prevailing wage for all prior construction costs^{**}
Minimum Project Size	<ul style="list-style-type: none">• The minimum project size remains \$5 million in eligible project costs for all projects. This means that projects with prior construction will need \$5 million in new costs to qualify for the program.

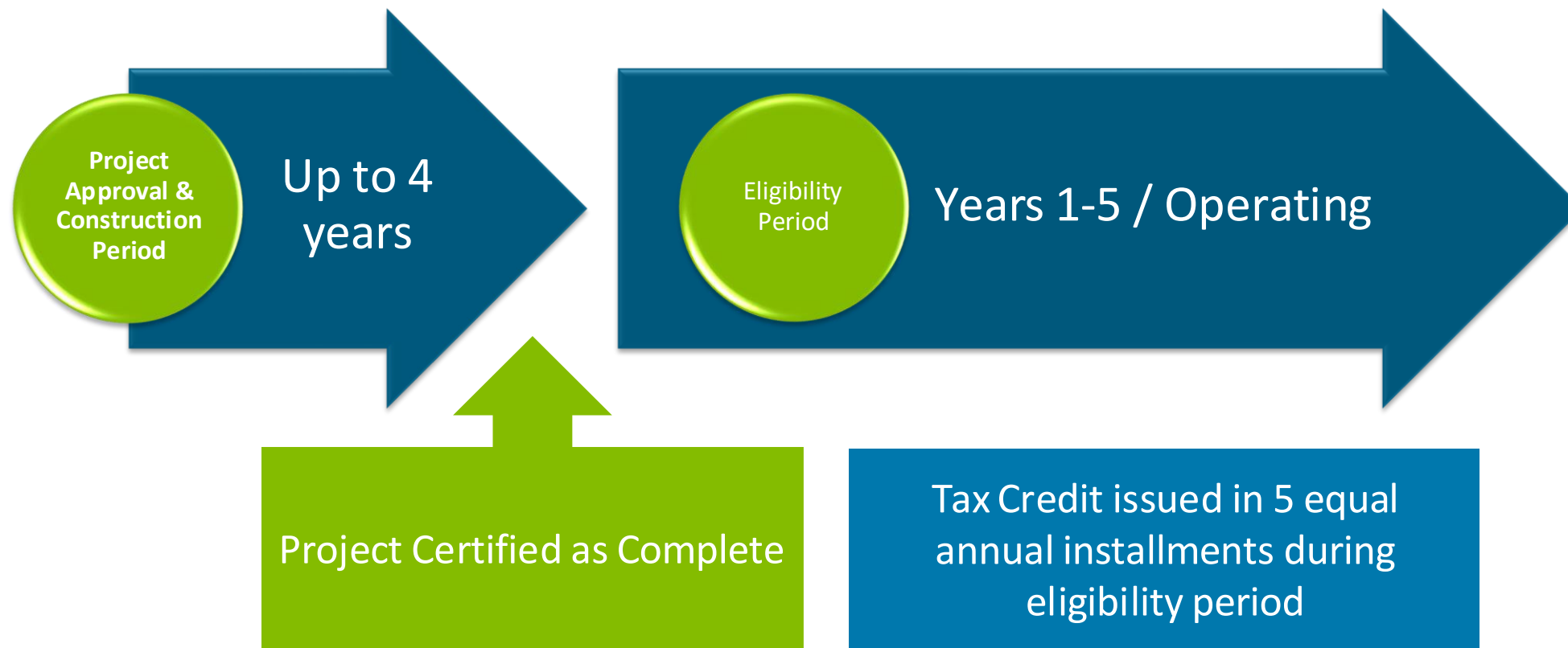
^{*}This may also impact other EDA programs that have the same provision in the rules. By requiring a fundraising failure, this would limit the impact to other programs.

^{**}Public works contractor registration by DOLWD for prior work would be determined by DOLWD. This may greatly restrict the pool of eligible projects.

Additional Program Information

"Eligibility Period"

"Eligibility period" means the period of **5 years** during which a cultural arts institution may claim, sell, transfer, or otherwise use a tax credits under the program, beginning with the tax period in which the authority accepts certification of the cultural arts institution that it has met the capital investment requirements of the program.



ADDITIONAL PROGRAM INFORMATION

Additional Program Information

- ▶ Prohibition on leasing:
 - ▶ Cultural Arts Institution may lease out or sublease out (or reduce the institution's tenancy or space) up to 40% or 15,000 square feet of the facility, whichever is less.
- ▶ Construction can start after application submission, but is **at risk**. Work must comply with all program rules and conditions (including but not limited to: **prevailing wage, public works contractor registration, green building, etc.**)

Prevailing Wage and Affirmative Action (1 of 2)

Prevailing Wage Requirements

- ▶ These apply to all construction and building services work related to the cultural arts project.
- ▶ The obligations extend to work performed by various parties involved, including the applicant, contractors, subcontractors, and commercial occupants.
- ▶ The requirements cover construction contracts, potentially including fixtures and permanent installations like sculptures and art.
- ▶ The prevailing wage rules are applicable from the application submission through the end of the eligibility period.
 - Additional conditions apply for projects that have commenced construction prior to application (refer to previous slide). Must pay prevailing wages for all prior construction costs.
- ▶ **Specific Conditions Based on Lease Proportion:**
 - If the lease is more than 35% of the facility, the prevailing wages apply to construction work for the entire facility.
 - If the cultural arts project involves a lease of more than 55% of a facility, prevailing wages apply to the entire facility's construction and building services.

Prevailing Wage and Affirmative Action (2 of 2)

Contractor Registration

1. **EACH** contractor and subcontractor performing work at the project must be registered under the Public Works Contractor Registration Act to comply with prevailing wage requirements.
2. **Non-compliance with this act may result in forfeiting the entire tax incentive award, and this non-compliance issue might not be correctable.**
3. The registration requirement also extends to commercial tenants and occupants involved in the construction work.

Affirmative Action Requirements

- ▶ These requirements are triggered upon the submission of an application.
- ▶ They remain in effect for two years following the issuance of the first certificate of compliance.



CAFE Scoring

Scoring with a minimum score and in consultation with NJ State Council on the Arts

1. Amount of tax credit requested vs. need (leveraging other sources of funding)
2. Advancing State, regional, and local goals of arts & cultural facilities in underserved communities
3. Link to local development strategy
4. Job Creation and economic development
5. Project location (economic and social distress locations)
6. New full-time jobs, as determined by the expansion of real estate or access to the public
7. Diverse board that is representative of the community
8. Approach and plan for affordable offerings to the general public

Scoring (1 of 2)

Minimum Score 40 out of 100

Criterion	Application Information Reviewed for Scoring
1. Amount of tax credit requested vs. need (leveraging other sources of funding) (10 pts)	Sources of funding
2. Advancing state, regional, and local goals of arts & cultural facilities in underserved communities (5 pts)	Location is an area that is underserved by the Arts and Culture industry.*
3. Link to local development strategy (30 pts)	<div>1) Letter of support for the cultural arts project from the governing body (e.g. city council) or chief executive (e.g. Mayor) that describes how the project aligns with the development goals for the municipality; and</div> <div>2) Evidence that the cultural arts project is a permitted use according to land use zoning or the redevelopment plan by either A) a letter from the local zoning official verifying that the project is an allowed use; or B) referencing the relevant local zoning ordinance or redevelopment plan.</div>

*“Underserved community” means counties that as of December 2024, and based on the 2020 U.S. Census population, have less than the state average of North American Industry Classification System (NAICS) code 71 for Arts, Entertainment, and Recreation Establishments. Projects in the following counties are deemed underserved: **Atlantic, Burlington, Camden, Cumberland, Essex, Gloucester, Hudson, Middlesex, Ocean, Passaic, Salem, Union, Warren.**

Scoring (2 of 2)

Minimum Score 40 out of 100

Criterion	Application Information Reviewed for Scoring
4. Job Creation and economic development (20 pts)	Narrative explanation of how this will generate economic development and jobs. Review may also include marketing plan, economic impact statement, and staffing plan (included in the Operating Plan). EDA staff will use IMPLAN.
5. Economic and social distress (10 pts)	Project Location: GRM, Qualified Incentive Tract (QIT), or 10% of most distressed communities by MRI (CAFE mapping tool coming soon)
6. New full-time jobs, as determined by the expansion of real estate or access to the public (5 pts)	Type of construction (new, expansion, renovation). For renovation of existing facilities, the evaluation will also consider whether the project currently meets definition of open to the public.
7. Diverse board that is representative of the community (10 pts)	Self certification form, % ownership for each diverse owner, explanation for diversity and representation of the community. May opt out (but no points).
8. Approach and plan for affordable offerings to the general public (10 pts)	Mission, strategic plan, explanation and plan for affordable or free offerings

Application Review Process

Sister Agency Check for Good Standing

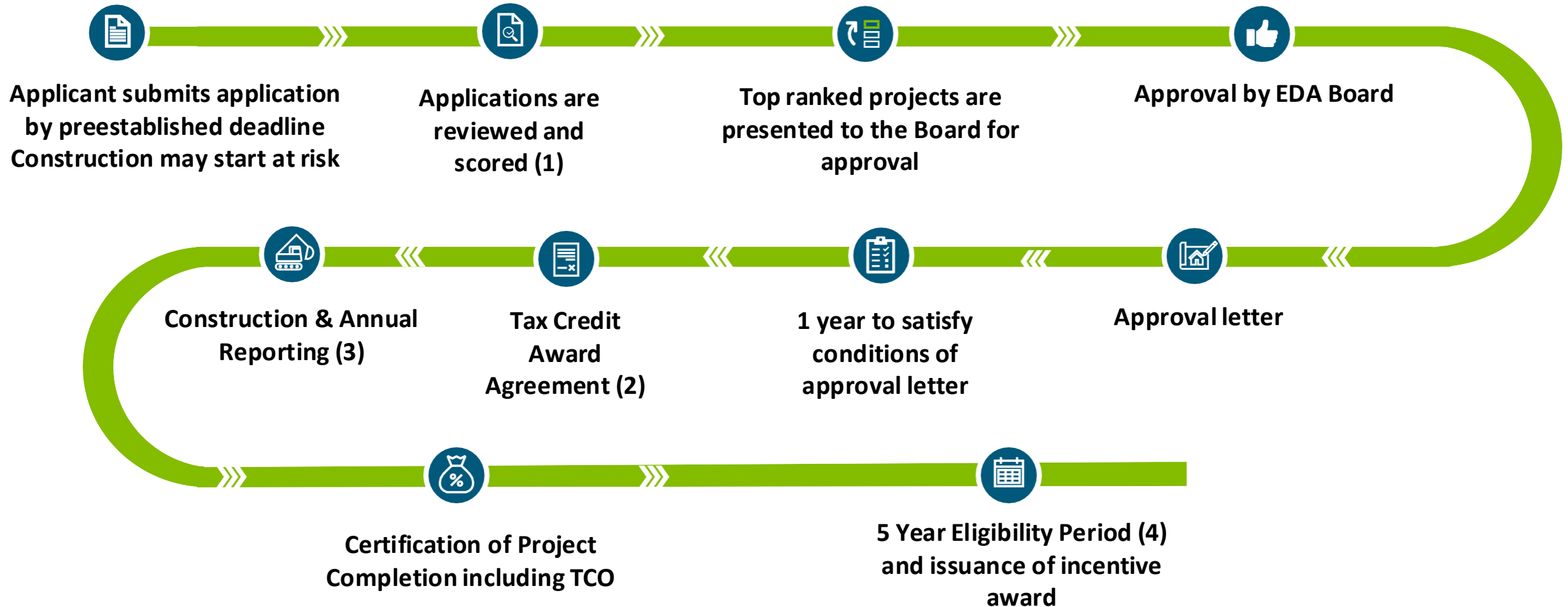
Scoring

Legal Review/Underwriting

EDA Board

1. Certify applicant is a Cultural Arts Institution
2. Decision approval based on project eligibility and feasibility
3. Priority for an award based on available funding and minimum score

CAFE Process and Timeline



- (1) EDA reviews for eligibility criteria, submission requirements, and adequacy of information.
- (2) Four years from execution of Tax Credit Award agreement to TCO.
- (3) Submit annual reports from Tax Credit Award Agreement through end of eligibility period.
- (4) Tax Credit issued in 5 equal annual installments during eligibility period. Prevailing wage applies to construction and building service work from application submission through the end of the eligibility period.

Additional Program Details

Approval Conditions

Within one year after Board Approval, several conditions will need to be met (aka Approval Letter Conditions), these conditions include but are not limited to:

- ▶ Documentation of site control (deed, lease, etc.)
- ▶ Executed financial commitments and executed fundraising commitments and capital raised
- ▶ Plan for satisfying minimum environmental sustainability standards (aka Green Building)
- ▶ Site plan approval and copies of required permits, planning and zoning approvals
- ▶ Executed document for partnership with community organization(s) providing support and services to Work First New Jersey program recipients.

Additional Program Details

Submittals for Certification of Project Completion

- ▶ Evidence of project completion: Certificate of Occupancy (Temporary)
- ▶ CPA certification of actual project costs
- ▶ Floor plan showing actual and proposed uses (site plan, if multiple buildings)
- ▶ Permanent financing commitments and updated pro forma
- ▶ Labor harmony agreement, if applicable
- ▶ Proof of prevailing wage for construction and building services
- ▶ Proof of Green Building Standards
- ▶ Any other information that may be required by NJEDA

Additional Program Details

Reporting

Similar to Aspire

Progress reports will be required every six months from Board Approval through execution of tax credit agreement to track the progress of the project and the conditions of approval.

Annual reports shall be submitted beginning in the year the incentive award is issued until the remainder of the eligibility period. Certifications will be required to indicate the representations made to the Authority during the competitive award continue to be true and continued compliance with the tax credit agreement (including prevailing wage) as well as a certification that the facility continues to operate as a cultural arts institution and continues to meet eligibility requirements. The report also includes a tax clearance certificate. For projects that include a co-applicant, proof that the co-applicant is making the contribution required by the participation agreement.

Additional Program Details

Forfeiture of Tax Credit

The cultural arts institution (and any co-applicants) shall forfeit all credit for the tax period in which the change occurs and each subsequent tax period may be subject to recapture if:

- ▶ Failure to operate as a cultural arts institution, including but not limited to the requirements related to being open to the public.
- ▶ Changes to the characteristics of the cultural arts project without prior written approval by the Authority.
- ▶ Changes to the cultural arts project that would result in the project scoring less than the required minimum score.
- ▶ The credit shall be forfeited in the case of material misrepresentation.
- ▶ In any year in which the applicant is not in substantial good standing with the Department of Labor and Workforce Development, the Department of Environmental Protection, or the Department of the Treasury, the applicant may forfeit all tax credits awarded in that year subject to the determination in the sole discretion of the Authority to extend, in individual cases, the deadline for any annual reporting requirement.
- ▶ Violation of prevailing wage requirements and other covenants.

Additional Program Details

Forfeiture of Tax Credit

Similar to Aspire

The applicant and co-applicant shall forfeit the tax credit for each year that the project is not in compliance with prevailing wage requirements and for each subsequent tax period until the first tax period for which documentation demonstrating compliance.

If a commercial **tenant**, commercial subtenant, violates the requirement to pay the prevailing wage rate for building services, the issuance of all certificates of compliance for the tax credits until approved by DOLWD. If a violation is not cured, or is not capable of being cured, within one year of receipt of notice of the violation, then the cultural arts institution and any co-applicant shall forfeit 50 percent of the tax credits otherwise authorized for the tax period in which the notice of violation was issued. If the violation is not cured on or before the conclusion of that tax period in which the one year to cure has expired, the cultural arts institution and any co-applicant shall forfeit up to 100 percent of the tax credits otherwise authorized, as determined by the Authority, in each subsequent tax period until the first tax period for which documentation demonstrating compliance. In this event, the cultural arts institution applicant and any co-applicant shall be allowed the full tax credit amount beginning in the tax period in which documentation of compliance was reviewed and approved by the Authority, and including each subsequent tax period in which the tax credits are otherwise authorized.

If the cultural arts institution is not in compliance with the requirements set forth in N.J.A.C. 19:30BB-4(a)15, the Authority may suspend the tax credits for the relevant tax period and if the suspension continues for two years, then, at the Authority's sole option, the cultural arts institution and any co-applicant may forfeit the tax credits for those years.

Fees

CAFE Fees

<u>Total Project Cost</u>	<u><\$20MM</u>	<u>≥\$20MM</u>
Application Fee	\$ 5,000	\$ 10,000
Approval Fee	\$ 15,000	\$ 30,000
Issuance Fee / Certification Fee	\$ 25,000	\$ 50,000
Annual Servicing Fee	\$ 10,000	\$ 25,000
Transfer / Assignment Fee	\$ 5,000	\$ 7,500
Minor Modification	\$ 2,500	\$ 5,000
Major Modification	\$ 5,000	\$ 10,000
6-Month Extensions (post-agreement)	\$ 2,500	\$ 5,000
Termination Fee	\$ 5,000	\$ 10,000

Fees were set based on an analysis of similar programs to ensure they cover administrative costs.

Claiming the tax credit

Claiming the tax credit

- ▶ This tax credit may be applied to Insurance Premium Tax and Corporate Business Tax
- ▶ The tax credit may be transferred one time (only)
 - ▶ Can be transferred increments as low as \$25,000 (transfer fee applies to each transaction)
 - ▶ Floor for tax credit transfer:
 - ▶ 85 cents on the dollar
- ▶ The transferee may carry forward all or part of the tax credit for the next 5 tax periods

Ideal Project for the CAFE Program

- ▶ Primary mission and specific policy goal of cultural, arts and cultural education, or artistic enrichment of the people of this State
- ▶ Capital investment of at least \$5MM
- ▶ Own or lease the facility (which is a condition of approval)
- ▶ Operate (by the applicant) the venue throughout the 5-year eligibility period.
- ▶ Use of prevailing wage
- ▶ Project Financing Gap
- ▶ Partner with Work First New Jersey organization
- ▶ Construction completed within 4 years of tax credit award agreement
- ▶ Community buy-in and market sustainability

Tips - How to Prepare

Prepare / Get ahead of it

- ☐ Sign up for updates at [Cultural Arts Facilities Expansion Program \(CAFE\) Email List](#)
- ☐ Who will be the applicant and are they eligible (primary mission)?
- ☐ Define your project – Architect, Project Costs, Site/Zoning Features and Constraints
- ☐ Market Study, Fundraising Plan, Operating Plan, raising \$\$
- ☐ Assemble your team
- ☐ Assemble your sources of funding and financing (including equity source)
- ☐ Letters of Support (Mayor and Org that supports Work First NJ participants)
- ☐ Review the CAFE Rules
- ☐ Don't start construction prior to application submission unless the project meets the specific exemptions for prior construction
- ☐ Submit application by the due date

GETTING READY TO APPLY

- ✓ Do you have a construction project that is \$5 million or more?
 - If yes, is your organization able to meet the 20% equity match or can you fundraise for it?
- ✓ Can you fund the upfront planning costs?
 - Do you have a market study, conceptual plans, etc.?
 - Do you have community buy-in and market sustainability of this project?
- ✓ Are you able to evidence site control (own/lease/ or an executed Letter of Intent with owner) for construction and 5 years of operation?



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