

NJEDA Cultural Arts Facilities Expansion Program (CAFE)
2025 Spring Round 1 Application Round Questions and Answers Log v5 – updated 06/09/25

#	Question	Answer
1	<p>Applicant is a non-profit that meets the definition of a “cultural arts institution”. Applicant would incur all project costs including acquisition of the buildings that will house the cultural arts institution facility. (Land would also be acquired by the applicant, but the cost would be excluded from eligible project costs.) Applicant would place ownership of the land and building in an affiliate, owned 100% by applicant, i.e., a disregarded entity, and applicant would lease back the buildings (i.e., the cultural arts institution facility) from affiliate for at least the term of the 5-year eligibility period following completion of the project.</p> <p>We wish to confirm that cost of the building expended by the applicant would be an eligible project cost since it is a cost incurred “after application ... in connection with a cultural arts project by a cultural arts institution ...”, notwithstanding the fact that applicant would not, in its own name, own the building for which it incurred the project costs. As you know, the creation of real estate holding companies is a common practice for operating businesses. And we are not aware of any restriction or policy consideration in the CAFÉ program that should prevent what is being proposed.</p>	<p>Yes, the cost of acquiring the building is considered an eligible project cost if the acquisition occurs after the application is submitted but only up to the amount equal to the total of all other eligible project cost. The building may be titled to a real estate holding company, so long as that real estate holding company meets the Program rules definition of “affiliate”. The program rules in the definition of affiliate allow for an affiliate to satisfy the requirements of site control.</p>
2	<p>In your Due Diligence Checklist you list the following requirement - "Appraisal: provide both an “as is” and “as completed” by a NJ licensed third party Appraiser, must be dated within 12 months before the application submission date and submitted with the application. If the applicant is including building acquisition as a project cost, the appraisal must show the value of the building." In our case, we have entered into a 30-year lease for a certain amount of sq feet of space at a base rent of \$ nominal amount per year. We will provide the lease agreement with our application. Since we do not have a building that we are acquiring, may we assume that an appraisal of our leased space is not required? The “as is” space is not yet suitable for cultural arts activities and the requested grant will be for substantial fit out to get the space ready for such uses. So, questioning what would be appraised since we do not have ownership,</p>	<p>For projects that will be leased for 30 years or more, the market value of the lease (as determined by a third-party NJ licensed Appraiser) may be substituted for the “as is” part of the appraisal.</p> <p>Updated 5/23/25: EDA is considering a change to the appraisal requirements for leased properties. If a change is made, EDA will provide a future update.</p> <p>Update 6/6/25: For projects that will be leased by the applicant, rather than owned, the project economics instruction (Instructions for the Project Economic Section) has been updated. Please include a copy of the lease, should one exist, with your application submission. This can be uploaded in the appraisal upload field.</p>

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3	<p>only a long-term very discounted rate lease. Please clarify is this is required in our case and if so, what should be “appraised”? Thank you!</p> <p>Hello! We ha[ve] been partnering with another entity for over thirty years providing weekly arts instruction, tutoring and meals for the children in their Program. That entity offers WorkFirst NJ services. Would this meet the criteria of partnering with a WorkFirst NJ organization? Thank you</p>	<p>Work First NJ partnership will be required during the 5-year eligibility period once the construction project has been completed. An applicant can evaluate potential partners by reviewing the following criteria. The applicant should be able to answer yes to all of the 4following questions. In your application submission, please include an explanation and/or evidence of how the partnering organization meets each of the criteria:</p> <ol style="list-style-type: none"> 1. Is the partnering organization a local community organization? 2. Does the partnering organization provide support and services to WorkFirst New Jersey program recipients? 3. Will the partnership include work opportunities or other appropriate services to Work First New Jersey program recipients? Examples of these activities and services include, but are not limited to: work-study programs, internships, sector-based contextualized literacy training, skills-based training in growth industries in the State, and job retention and advancement services. <p>We have a resources list (“Resource for Work First NJ”) on the program web page, but you can choose any entity to work with.</p>
4	<p>The Café Program Application Checklist includes the below section about Land Use documentation. This seems to indicate that Land Use Plans are required and that it is expected that the project has already been presented in municipal review settings. Are projects eligible to apply for CAFÉ if they don’t have fully completed Land Use Plans and/or if plans have not been presented in municipal review settings?</p>	<p>A project may be eligible and apply if they don’t have fully completed Land Use Plan and/or the plans have not been presented in municipal review settings, at time of application. However, <u>if such plans are available</u>, submission of the land use plans and other plans (such as site plans, elevation views, and/or presentation materials presented in municipal review settings) is optional but strongly recommended; such submission will facilitate review of the application. <u>Proof of municipal site plan approval will be required within 1 year of board approval</u>. The Project Approach section asks for site plans, project elevation</p>

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	“Land Use and any other Plans: necessary to complete the cultural arts project (site plans, project elevation views, and/or presentation materials presented in municipal review settings). “	views, and/or presentation materials presented in municipal review settings (or similar) to help NJEDA understand the details of the project. The Project Construction and Schedule section requires information that shows whether the cultural arts project aligns or does not align with the adopted municipal land use ordinances and/or plans. If there are inconsistencies, include evidence of the municipality's intent to modify these policies to accommodate the project.
5	Can you confirm that the prevailing wage requirement for building services applies at the time the project gets a TCO and runs through the end of the eligibility period? There is language in your materials that conflicts with the rules that refers to the requirement taking effect “time of application,” which doesn’t seem to make much sense or be consistent with the rules.	As stated in N.J.A.C. 19:31BB-1.13(c), the prevailing wage requirements for building services work apply from the time of application submission through the end of the eligibility period. This means that the requirements start prior to obtaining a Temporary Certificate of Occupancy (TCO).
6	<ul style="list-style-type: none"> a) Can you please clarify what a Lead Development Entity is, whether it can be the organization directly, or must it be a separate developer? b) The mapping tool suggests that [our project] is in an underserved community. Does this qualify for 100% of funding for the project? c) What portion of building acquisition costs may be considered if the building already exists but would be suitable for expansion without any substantial renovations (or relatively minor renovations?) 	<ul style="list-style-type: none"> a) The applicant is required to identify a Lead Development Entity (LDE) at time of application which may be their own organization or a different entity. As defined in the rules at N.J.A.C. 19:31BB-1.1, a LDE is “the entity that is responsible for overseeing the cultural arts project and is relied upon by the Authority to demonstrate operational capability, expertise, and experience to complete the project. The Authority shall determine which entity is the lead development entity by considering the role an entity has in the coordination of activities related to the cultural arts project, including, but not limited to, project design, project financing, permitting and local approvals, construction oversight and contracting, and property management.” Accordingly, the applicant must demonstrate that the LDE satisfies this definition. b) Sites throughout New Jersey are eligible for the full funding amount under the CAFE program, which provides a tax credit award covering 100% of eligible costs, capped at

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		<p>\$75 million. There are no geographic limitations other than being located in New Jersey. The mapping tool evaluates certain scoring criteria, including whether a project is located in an underserved community. To qualify for tax credits in the initial round, an application must achieve a minimum score of 40 out of 100 possible points. Even if a project doesn't receive points in one category, it may still earn points in other categories.</p> <p>c) See answer to #1 above. Additionally, all projects must meet the minimum \$5 million eligible project costs threshold.</p>
7	Has it been established that there shall be a second round of this program in 2025, and if so, when will that be?	The NJEDA plans to hold at least one round of applications for the CAFE program annually, with the possibility of additional rounds within the same year. While NJEDA anticipates potentially reopening the program in July 2025, this is not guaranteed as the schedule is under review. Future rounds will be announced on www.njeda.gov/CAFE , and notifications will be sent to subscribers of the CAFE email list. You can join the email list by visiting the www.njeda.gov/CAFE webpage and following the subscription link.
8	We are developing a CAFE application for a project with a fixture that is very valuable. Is a pre and post appraisal required? If so, does it have to be a NJ licensed appraiser?	See Answer to #12 below.
9	<p>We are in the process of preparing a CAFE application, and wanted to learn more about the Work First New Jersey partnership component. On the WFNJ page, it links to the Families First Discovery Pass as a highlighted link for eligible participants: https://www.nj.gov/state/njsca/discoverypass/index.shtml</p> <p>We are currently an active participant in this program, and would have expanded opportunity to offer access through the Discovery Pass after</p>	No. While the Families First Discovery Pass program is a valuable program that provides access to cultural experiences for New Jersey residents who receive assistance through the Work First New Jersey program (and other programs), it does not satisfy the CAFE program eligibility requirement. The specific requirement in the CAFE program rules (and statute), is for an applicant to partner with one or more local community organizations that provide support and services to Work First New Jersey program recipients,

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	<p>work is completed (with increased capacity). Is this the kind of activity that would meet the general intent of this requirement?</p> <p>If so, would a letter of intent be from the institution itself (our organization), or from the administrator of the program (NJSCA)?</p> <p>We are also exploring other exciting partnerships, but wanted to check on this as well.</p>	<p>in order to provide <u>work activity opportunities and other appropriate services</u> to Work First New Jersey program recipients. These activities and services may include, but are not limited to: work-study programs, internships, sector-based contextualized literacy training, skills-based training in growth industries in the State, and job retention and advancement services.</p> <p>The letter of intent for the Work First New Jersey requirement must be from the local community organization with which the applicant intends to partner. The letter of intent shall describe the proposed activities and services which will be provided, and how the local community organization meets the requirement of providing support and services to Work First New Jersey recipients.</p> <p>NJEDA has posted a list of potential resources, which includes local community organizations who have received a grant from the Office of Transitional Workforce Services, on the CAFE webpage as a courtesy (the “Resource for Work First NJ”). Potential CAFE applicants may find this list helpful for identifying local organizations that support Work First New Jersey program recipients. This list is not exhaustive and inclusion on this list does not ensure the organizations meet CAFE program requirements. Additional resources may be available through county and local workforce development offices.</p>
10	<p>I have been asked to provide a proposal for a property appraisal looking into the cafe grant program and just couldn't find much for what is required for the appraisal except for the following:</p> <p><input type="checkbox"/> Appraisal: provide both an “as is” and “as completed” by a NJ licensed third party Appraiser, must be dated and submitted with the application. If</p>	<p>Those are the requirements for the appraisal. There are no other program requirements concerning the appraisal.</p>

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	the applicant is including building acquisition as a project cost, the appraisal must show the value of the building.	
	Are there any appraisal requirements besides what I found above? thank	
11	Are there character or word limits for the narrative fields? Are there file size limits for uploaded documents?	We are not aware of size limitations on either of those items.
12	For projects involving improvements to portions of existing facilities (i.e., such facilities having long been owned by the applicant), and where there is no new property being acquired or any intention to request property value to be considered as either project cost or as a portion of the equity required (and thus not relevant to or included in the project pro forma), it appears that there is no purpose for an appraisal under such circumstances. Please confirm or, otherwise, indicate the purpose of an appraisal under such circumstances, what property interest would be appraised and how it would be used in the analysis.	<p>An appraisal, by NJ licensed third party Appraiser which is dated within the 12 months before the application submission date, including both the "as is" and "as completed" appraisal value is required for all applicants. The appraisal may be used by the Authority in its project financing gap analysis, including, but not limited to, verifying other information provided and in the comparison of project cost against reasonable market costs. Therefore, the "as completed" appraisal must include the improvements.</p> <p>Updated 5/23/25: If an applicant is using the property value as equity, the appraisal "as is" value must be completed by NJ licensed third party Appraiser which is dated within the 12 months before the application submission date.</p> <p>If an applicant is not using the property value as equity, an independent third party broker's opinion may be substituted for the appraisal, provided that both the individual providing the broker's opinion and the principal in the firm that is providing the broker's opinion certify the opinion, and both the firm and individual are NJ licensed brokers.</p>

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13	<p>This question is being asked in connection with an application being prepared by a public library as the cultural arts institution, with the cultural arts project to be carried out in the main library and its sole branch (together, the cultural arts institution facility). The cultural arts project consists of a series of improvements to the two components in order to make them fully accessible, future-ready cultural institutions. The project is located in a single municipality that is under the sole jurisdiction of the applicant for library purposes and is being conceptualized as a single undertaking by a single entity/operator, a single budget, a combined funding package, a single architect, a single lead development entity, a single internal oversight process, and a unified and coordinated project schedule, in addition to the expectation of using a single contractor. Requiring this modernization effort to proceed as two separate projects for CAFE purposes would not seem to further a particular policy; it would, however, require the applicant to do two applications, prepare two sets of annual reports, undertake two sales processes for the tax credits, and so on. As such, we seek confirmation that the EDA can consider the project as a single project for CAFÉ purposes.</p>	<p>The project must credibly be a single project and not combined merely for purposes of the CAFE application. To make this determination, the Authority will assess the facts of the proposed project and on several factors, including, but not limited to the following. First, the sites must share the same development team, financing plan, and contracts, including contractors. Second, the operational aspects of the sites need to be consistent across all locations. Third, whether the sites are sufficiently proximate to operate as a single site or, if not, the reason(s) such sites have a common operation.</p> <p>Examples:</p> <ul style="list-style-type: none"> • A city government plans to renovate three public library branches under a single application. These branches are located within the city's jurisdiction, share the same architectural team, same lead development entity, same funding sources, same construction contract, and will be operated under a unified library management system. Given these shared characteristics, they can be included as a single project in one application. • A non-profit organization aims to develop a museum, art gallery, and classrooms for art instruction at separate sites. The sites share the same architectural team, same lead development entity, same funding sources, same construction contract, and will be operated under the same overall operational structure. The sites are within a collective half-mile radius, easily accessible on foot, and not separated by major barriers such as highways. Given these shared characteristics, they can be included as a single project in one application.
14	<p>I am writing to seek a clarification of what may be a problematic inconsistency in the CAFÉ rules, i.e., the following 2 excerpts:</p>	<p>See Answer to #5 above.</p>

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	<p>NJAC 19:31BB-1.3(a)9 reads as follows: “During the eligibility period, each worker employed to perform construction work and building services work at the cultural arts project, whether pursuant to a contract by the cultural arts institution or a commercial tenant, commercial subtenant, or other commercial occupant, is paid not less than the prevailing wage rate for the worker’s craft or trade, as determined by the Commissioner of Labor and Workforce Development pursuant to N.J.S.A. 34:11-56.25 et seq., and 34:11-56.58 et seq.</p> <p>NJAC 19:31BB-1.13 reads as follows: </p> <p>(b) The Authority’s prevailing wage requirements for construction work at N.J.S.A. 34:1B-5.1 and N.J.A.C. 19:30-4 and 19:31BB-1.3(a)9 shall apply to the cultural arts project from application submission through the end of the eligibility period.</p> <p>(c) The Authority’s prevailing wage requirements for building services work at N.J.A.C. 19:30-4 and 19:31BB-1.3(a)9 shall apply from application submission through the end of the eligibility period.</p> <p>The first excerpt requires prevailing wage for construction and building services work during the eligibility period.</p> <p>The second excerpt requires prevailing wage for construction and building services work from application submission through the end of the eligibility period.</p> <p>I understand that temporally, the first excerpt is subsumed in the second, but the more limited time period set forth in the first excerpt should not just be read out of the rules as it recognizes, with respect to a cultural arts project consisting of the improvement of a cultural arts institution facility (i.e., in an existing building), that requiring payment of prevailing wage for building services commencing upon application submission is impractical. Such a building will already have contracts for such services in place and</p>	

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	<p>would be required, between now and the date of application submission in June, to renegotiate those contracts to meet the prevailing wage requirement. Depending on the terms of the existing contract, this may not be possible and, moreover, it forces the applicant commit to a prevailing wage structure before knowing whether it will receive a CAFÉ award. The policy purpose for requiring prevailing wage for construction after the application date since such construction is more evident; completion of a project in an existing building would be the operationally appropriate trigger for the start of prevailing wage for building services. Please advise ASAP given the timing issue identified above.</p>	
15	<p>Hi EDA, I posed this question over a week ago and hoping for a prompt response now, if possible. Regarding the "Appraisal" requirement - we have a long-term lease for the space we will be improving using the EDA CAFE funding. Can you please confirm whether an appraisal of our leased portion of the building should be appraised, given that we do not own the space? And if an appraisal is required, should it based on appraised property value of the current space and the as-completed space or rather it should be based on the present value of expected revenue streams to be earned to be earned during the lease term? We would appreciate receiving an answer soon, since if an appraisal is required, we will need to engage a third party very soon to meet the application deadline. Thank you!</p>	<p>See Answers above to #2 and #12.</p>
16	<p>As context for this question, the project entails the purchase of a condominium interest upon completion of a "white box" to be constructed and then fit out with specialized improvements and equipment pursuant to the CAFE program. The cost of this condo purchase will be a component of the CAFE application, and this condominium interest will be appraised as required by the CAFE application. This newly constructed and equipped facility, which will have a documented cost basis, will then be subject to an assumed residual value based on EDA's guidance -- i.e., cost less depreciation assumed on a 39 year schedule over the 5 year term -- which is appropriate to the non-profit status of the specialized facilities being supported by the CAFE program.</p>	<p>See Answer above to #12.</p>

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	The question is: What purpose, if any, does an appraisal of the as-completed facility serve given that the residual value for these non-profit facilities will have been established based on the EDA depreciation formula and, as such, is an as-completed appraisal needed for the application?	
17	<p>I am submitting this question in connection with the language of NJAC 19:31BB-1.3(a)(13); i.e., [t]hat, for at least the eligibility period, the cultural arts institution will have ownership of, or lease space in, the cultural arts institution facility The CAFÉ applicant in this instance is a public library that is seeking an award to help fund renovation and modernization costs in its existing facilities. It is my understanding that the own/lease requirement exists for the purpose of ensuring that the applicant has a legal interest in the premises on which the cultural arts institution facility is located. In the case of a public library, which falls within the definition of a “cultural arts institution facility” and therefore is eligible to receive a CAFÉ award, it is governed by a board of trustees, which has full control over its premises by operation of law, although not through ownership or lease. Pursuant to NJSA 40:54-24, title to the library’s real estate is held by the municipality, and the library board of trustees has use and control of the real estate for so long as it is used for library purposes. In other words, the public library has an exclusive interest in the property as a matter of law.</p> <p>Notwithstanding the fact that a library is legally unable to own its premises or to pay rent to lease its premises from the municipality, I am confident that, because the legislature saw fit to make libraries eligible for CAFÉ funding, the site control mandated by law fulfills the own/lease requirement in the program rules. Please confirm. Thank you</p>	<p>If the applicant public library has “use and control” of the cultural arts institution facility pursuant to N.J.S.A. 40:54-24, the Authority will accept such “use and control” as equivalent to ownership or a lease. The Authority may require the applicant public library to provide evidence that the statute applies to the cultural arts institution facility, which may include, but is not limited to, a legal memorandum describing the applicability of the statute.</p>
18	<p>I would like to know more about the Market Study that is needed for a CAFE project.</p> <p>Slide 54 of the Sample Application says:</p>	<p><u>A Market Study is required at the time of application submission.</u> The Market Study must be prepared by an independent third party and <u>must be dated within 90 days before application submission.</u> This study must include the third party’s position regarding the marketability and underwriting of the revenue and expense components of the proposed cultural arts project through the</p>

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	<p>Market Study-independent third-party analysis within 90 days of application.</p> <p>It sounds like the Market Study can be submitted up to 90 days AFTER the overall project submission deadline. Is that actually the case?</p>	<p>duration of the 5- year eligibility period. Recommended sections include market overview, target audience analysis, competitive analysis, project assessment, marketing strategy, and financial analysis. In addition, the market study must provide a narrative that demonstrates: the demand for a cultural arts institution facility at the proposed project site and why it is expected to be successful. The study must also demonstrate that the cultural arts institution either has a strong prior track record of success or provide an independent analysis that demonstrates that a newly formed cultural arts institution will be successful.</p>
19	Can a project involve multiple locations or does it have to be contained to one facility site?	See Answer to #13 above.
20	With respect to a project entailing construction, does an applicant need to have site plan approval before filing the application and before Board approval or is it sufficient for a project to be making appropriate progress in the ordinary course for the local approval process and supported by the requisite Mayor's support letter.	See Answer to #4 above.
21	<p>The top of this form states:</p> <p>"....answers will be posted publicly on our program website under the "Questions and Answers" section: www.njeda.gov/cafe/. NJEDA anticipates updating the responses on a weekly basis, as needed. All applicants are encouraged to review these responses and FAQs, as well as the program rules thoroughly."</p> <p>I have been unable to find the Questions and Answers section. Can you please advise as to where I can locate this section on the website.</p> <p>Thank you.</p>	<p>You can find the "Questions and Answers" section on the NJEDA website under the CAFE program page at Cultural Arts Facilities Expansion Program – CAFE - NJEDA . We aim to update the Q&A weekly, as needed, though please note that some questions may require additional time to address thoroughly.</p>
22	Can two projects (two separate arts facilities) be combined into one application	See Answer to #13 above.

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23	Checking in on when and how you plan to issue responses to questions submitted through this portal? Thanks.	See Answer to #21 above.
24	<p>a) Does [a public library] qualify as a "cultural arts institution" under the CAFE program if it focuses on cultural education, artistic enrichment, and provides public arts programming?</p> <p>b. Will [a public library] be considered eligible even if it also provides general literacy services in addition to arts and cultural programming?</p> <p>c. Is there a list of institution types considered automatically eligible (e.g., libraries, museums, performance spaces), or is eligibility evaluated based on the organization's mission and proposed project scope?</p> <p>d. If the proposed project is mixed use with residential units above, does this disqualify our project from the program if the funds are only being used for the library itself?</p> <p>e. Are there special considerations or waivers available for government-owned or publicly affiliated entities like libraries regarding any fundraising plan requirements or financial documentation?</p> <p>f. Is a separate nonprofit or affiliate entity required to apply on behalf of the Library if it is a public entity, or can the [municipality] (or a nonprofit partner []) be the lead applicant with the Library as the cultural arts institution</p> <p>g. Would [EDA] recommend framing the project primarily as a "Community Cultural Center" with library functions, rather than purely a "Library," to better align with CAFE goals</p> <p>h. For job creation, would jobs associated with the library be considered?</p>	<p>a) and b) Any determination of eligibility about a specific applicant can only be made on a completed application. A public library that is a governmental entity or a nonprofit entity is a cultural arts institution, per the program rules, and the underlying statute, if it “has the primary mission and specific policy goal of cultural, arts and cultural education, or artistic enrichment of the people of this State.” Based on the limited facts in the question, the public library would likely be a “cultural arts institution.”</p> <p>c) While certain facilities (as detailed in the program rules) may automatically meet the definition of a cultural arts institution facility, this does not mean that the applicants for these projects would automatically meet the definition of a “cultural arts institution”. See Answer to a) and b) above. Each application will be evaluated based on the specific facts for that application.</p> <p>d) That project must satisfy the definition of “cultural arts project” (also referred to as “project”) in the rules, which is, in part, “a capital project for the construction or improvement of a cultural arts institution facility.” As described, the proposed project involves a facility containing residential units and a public library. To be eligible for the CAFE program, the cultural arts institution must have ownership of, or lease space in, the cultural arts institution facility and operate, cause to operate, or hold an operating agreement throughout the eligibility period, but the cultural arts institution may lease, sublease, or otherwise reduce its tenancy up to the lesser of 15,000 square feet, or 40% of the cultural arts institution facility. Accordingly, residential units can be included, but they must not cause the institution to reduce its tenancy by more than the lesser of 15,000 square feet or 40% of</p>

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		<p>the facility's space.</p> <p>e) There are no specific waivers for government-owned entities. All eligible projects must comply with the Program rules and requirements.</p> <p>f) No entity can apply “on behalf” of another entity. The entity that applies must be eligible as a “cultural arts institution” and meet all other program criteria.</p> <p>g) EDA staff does not provide consulting services for potential or actual applicants. Potential applicants may consider working with a consultant to obtain specific advisory services.</p> <p>g) Yes, a library project will be considered under job creation scoring criteria in the same way other projects are assessed. The program assesses the job creation criterion for scoring based on the type of construction and the assumption of job generation of such construction.</p>
25	<p>We are seeking clarification on the letter of intent regarding partnering with one or more local community organizations that provide support and services to Work First New Jersey program recipients:</p> <p>a. Are we limited to partnering with organizations on the list posted to the CAFE website, or do any community organizations that provide services to Work First NJ recipients eligible? For example, [list of entities].</p> <p>b. Can the letter of intent come from our organization indicating which organizations we intend to partner with and services we intend to provide, or does it need to come from the third-party organization?</p>	<p>See Answer to question #9 above.</p>

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	<p>c. Our organization currently participates in the Families First Discovery Pass program, which provides free and discounted tickets to WFNJ participants and is managed by the New Jersey State Council for the Arts. The CAFE program-funded improvements will provide expanded capacity and thus increased opportunity to offer discounted and free tickets to WFNJ participants through this program. Would this be considered among the qualifying intended partnerships, and meet the application requirement?</p>	
26	<p>a) What are the mechanics of selling the credits in the market?</p> <ul style="list-style-type: none"> - Are they forgiven incrementally over the years? If they're given to an investor, does it have to be done through a joint venture agreement or can you transfer them directly to an individual or legal entity? - How are they given to us and how are they transferred to another party? How are they sold? Through brokerage? <p>b) Because this is state-funded income-tax credits, is it correct that this can only be applied for Income-Tax Liability and not other forms of tax liabilities, correct? (Like sales tax, property tax, etc.)</p> <ul style="list-style-type: none"> - I would like to confirm that this tax credit is only eligible for state-corporate-income tax? - is it applicable to both individuals and business entities or just business entities <p>c) Can we sell the tax credits individually or do we have to go through a broker? - Can we independently make transfer agreements with our entities of choice or is there a list of pre-approved entities we are confined to?</p> <p>d) When are the tax credits given relative to when the investments are completed?</p>	<p>a) and c) Please refer to the program rules for specifics on the tax credit applicability and transfer process. 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.</p> <p>b) This tax credit may be applied to New Jersey Insurance Premium Tax (IPT) and New Jersey Corporate Business Tax (CBT).</p> <p>c) 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.</p>

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	<p>e) Can we please set up a verbal and formal communication for our accountant/financial advisor who isn't comfortable with virtual discussion but needs clarification on other things?</p>	<p>d) Once the construction work is completed, the cultural arts institution submits documentation to certify that all work was completed in accordance with the agreement and that the project complies with all other requirements of the program. After the Authority accepts the certification, the Authority notifies the Division of Taxation, which issues an overall tax credit indicating the total amount of tax credit that will be available over the entire eligibility period. Such overall tax credit cannot be sold or used against tax liability but requires annual certificates of compliance. During the eligibility period, the awardee must submit an annual report no later than 120 days after the end of the awardee's tax privilege period. Upon the Authority's satisfactory review, the Authority will issue a certificate of compliance, which allows the awardee to sell and any purchaser to apply the annual amount of tax credits. If the awardee annually complies with all program requirements, the certificate of compliance allows the sale and use of tax credits in 5 equal installments (for each of the 5 years of the eligibility period).</p> <p>e) Due to the competitive nature of this program, inquiries, the Authority refrains from engaging in discussions with potential applicants during the open application window, to ensure transparency and provide all applicants with the same information simultaneously. Inquiries should be submitted to the Cultural Arts Facilities Expansion Program (CAFE) Question Request. NJEDA will not provide direct responses to inquiries submitted through this form. Instead, answers will be posted publicly on our program website under the "Questions and Answers" section.</p>
27	<p>I'm inquiring about the relationship that an organization needs to have with Work First New Jersey in order to qualify for partnership in working together within five years of receiving the CAFE grant. Also, now does a non-profit or service organization qualify if they do not already meet the requirements of the grant? Thank you</p>	<p>See Answer to question #9 above.</p>

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28	For projects involving a "cultural arts institution" that is (i) a non-profit entity and (ii) has a primary mission and specific policy goal of cultural, arts and cultural education, or artistic enrichment of the people of New Jersey, could you please confirm that a newly formed organization that exists specifically for the operation and maintenance of a cultural arts institution facility is eligible for the program as long as it meets the definition of "cultural arts institution" or "applicant"?	<p>The eligibility analysis is very fact specific. There are several criteria that a project must meet to be eligible. A newly formed nonprofit may be eligible for the program. One criterion for a nonprofit organization applicant must meet is that they must demonstrate that it “has a primary mission and specific policy goal of cultural, arts and cultural education, or artistic enrichment of the people of New Jersey.” In addition, a cultural arts institution must also demonstrate that it will have ownership or lease space in the cultural arts facility, will operate the facility, and the project will be open to the public.</p> <p>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.</p> <p>There are additional eligibility criteria, which are included in the Program rules.</p>
29	If the tax credits are awarded to an institution, are they required to hire a general contractor only through a public bid? If so, are they required to select the lowest cost public bid?	Public bidding is not a requirement for this program. Applicants must follow and adhere to their own procurement procedures and requirements. Compliance with prevailing wage standards is a mandatory aspect of the CAFE program.
30	Question about narrative section: According to the application checklist, there are nine distinct narratives that are required. Are we to create nine separate narratives to upload to the application website?	Yes, please prepare nine separate narratives to your on-line CAFE application as outlined in the checklist and as indicated in the online application.
31	Good afternoon! Are administrative and pre-application costs eligible?	<p>To the extent that the term "administrative costs" refers to construction management costs, those are eligible as “soft costs.”</p> <p>The only pre-application costs that are eligible are soft costs incurred up to 12 months prior to the date of the completed application.</p>

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		<p>"Soft costs" is defined in the rules as "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, airfare, mileage, tolls, gas, meals, packing materials, 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 similar costs."</p>
32	<p>Hi CAFE Team,</p> <p>We have two quick questions:</p> <p>(1) If acquiring a building as part of the proposed project, when does the transfer of ownership or deed need to occur?</p> <p>(2) We've engaged a market study and are optimistic about the turnaround time. Is there any flexibility with the delivery timeline if we can provide proof of engagement?</p> <p>Thank you!</p>	<p>(1) Applicant will be required to provide the proof of ownership as a post approval condition within one year of EDA Board approval.</p> <p>(2) A Market and/or Feasibility Study by an independent third party must be submitted at the time of application and must be dated within 90 days before the application submission date.</p>
33	<p>Will the construction need to be publicly bid, or is it only required to be prevailing wage?</p>	<p>See Answer to question #29 above.</p>
34	<p>What are the mechanics of selling the credits in the market?</p> <p>- Are they forgiven incrementally over the years? If they're given to an investor, does it have to be done through a joint venture agreement or can you transfer them directly to an individual or legal entity?</p>	<p>See Answer to question #26 above.</p>

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	<p>- How are they given to us and how are they transferred to another party? How are they sold? Through brokerage?</p> <p>Because this is state-funded income-tax credits, is it correct that this can only be applied for Income-Tax Liability and not other forms of tax liabilities, correct? (Like sales tax, property tax, etc.)</p> <p>- I would like to confirm that this tax credit is only eligible for state-corporate-income tax?</p> <p>- is it applicable to both individuals and business entities or just business entities</p> <p>Can we sell the tax credits individually or do we have to go through a broker? - Can we independently make transfer agreements with our entities of choice or is there a list of pre-approved entities we are confined to?</p> <p>When are the tax credits given relative to when the investments are completed?</p> <p>Can we please set up a verbal and formal communication for our accountant/financial advisor who isn't comfortable with virtual discussion but needs clarification on other things?</p>	
35	<p>Can you provide a copy of the Project Cost Analysis Worksheet. We would like to see it prior to filling out the previous 18 pages and it does not load on the program page where it says Beta - waiting for update. Thank you.</p>	<p>The link to updated Project Cost Analysis Worksheet is included in the Application Checklist, which is posted on the CAFE webpage.</p> <p>Updated 6/6/25: The project cost analysis worksheet has been updated to allow editing of certain fields. See answer to Item #54.</p>
36	<p>Hello - The museum, a nonprofit, will be the LDE for our project. We will be hiring a GC and a project manager, so it's likely that we will have only one or two direct contracts that don't go through one of those entities. If that's the case, do we, as the LDE and the applicant, need to do the Public Works</p>	<p>Absent certain limited exceptions, prevailing wage requirements apply to building services and construction work at the cultural arts institution facility from the date of application submission through the end of the eligibility period. The Public Works Contractor Registration is one of the prevailing wage requirements</p>

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	Contractor Registration? It appears from the application that we do, but we want to be sure. Thanks.	on contractor and subcontractors engaged in any construction work subject to prevailing wage. Public Works Contractor Registration is administered by the Department of Labor and Workforce Development. The applicant itself does not need to be registered as a public works contractor for its own project.
37	<p>1. I am looking for a little more information regarding what should be contained in a fundraising plan, if an organization chooses to submit one. The instructions in the application state: "If applicable, provide a fundraising plan for the proposed cultural arts project to explain the strategy for securing the necessary funds to successfully execute the cultural arts project. Recommended sections include project overview, funding goals (i.e. fundraising amounts), target donors, fundraising strategies and methods (i.e. activities and outreach), forecasted timeline with deadlines, budget, marketing, risk management, evaluation and metrics. The fundraising plan must be dated within 90 days of the application submission date. Please include the fundraising plan and any supplementary materials or data that supports the fundraising plan." We would appreciate clarification on the level of detail NJEDA requires regarding individual donor and institutional funding prospects. Does NJEDA require the inclusion of individual donor names and target gift amounts, or is it sufficient to describe donor categories and giving levels? For foundation and corporate funders, should we include specific entity names, estimated ask amounts, and/or current application status (e.g., in process, submitted, committed)? Are there any documentation standards you recommend for demonstrating credible fundraising targets (e.g., pipeline lists, and if so, how can we protect the confidentiality of our prospects and donors)?</p> <p>2. In terms of supplementary materials, is it helpful to provide things like a gift table, pledge form, naming opportunity list and sample campaign communications? Thank you.</p>	<p>This question is under review, and response will be included in a future posting.</p> <p>Updated 5/23/25</p> <p>The fundraising plan should provide high-level information, including categories/channels for donors. However, specific names, are not requested.</p> <p>The fundraising plan should include the following elements:</p> <ul style="list-style-type: none"> • Leadership and Experience: Provide details about the Institution's leadership, including the Board and executive team, and highlight their successful fundraising experience. • Fundraising Channels: Describe the channels the Institution has utilized for fundraising, such as individual donations, corporate contributions, peer-to-peer campaigns, fundraising events, and grants. • Historical Fundraising Performance: Indicate the total amount fundraised annually over the past five years. • Channel Segmentation: Break down the funds raised by each fundraising channel. • Fundraising Tools: Specify the tools and systems the Institution uses to plan and track fundraising activities. • Donor Information: Include the total number of donors and the average gift size. However, specific donor names are not requested. • Efficiency Metrics: Provide metrics such as the cost per dollar raised, including overhead expenses.

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		<ul style="list-style-type: none"> • Donor Growth: Report the average number of new donors acquired annually over the past five years. • Fundraising Strategy for CAFE Project: Describe the specific plan for fundraising for the CAFE project.
38	<p>The recent FAQ document released 5/2/25 noted, "For projects that will be leased for 30 years or more, the market value of the lease (as determined by a third-party NJ licensed Appraiser) may be substituted for the "as is" part of the appraisal."</p> <p>Webinar materials note that "Equity may include property value less any mortgages... which shall not equal 50 percent or more of the Equity."</p> <p>If a cultural non-profit plans to secure a long-term ground lease of 30 or more years from a municipality to support the CAFE project, provided at no cost to the non-profit, can the market value of this lease (as determined by a third-party licensed Appraiser) contribution also be considered toward the Equity requirement?</p>	No. The value of a lease, even a long term lease, does not count toward the equity requirement for the CAFE program.
39	Can Cafe funds be used to pay for required parking associated with an arts and culture development?	The CAFE Program does not provide funds. Rather, the CAFE Program provides tax credits. The approved cultural arts institution is responsible for monetizing the tax credits. See answer to #26 above. There is no restriction on the use of the cash resulting from the monetization of tax credits.
40	Is a developer fee an eligible project cost and if so, does it need to be included in the 20% soft cost cap?	<p>No. Developer fees are not an eligible project cost for CAFE.</p> <p>Updated 6/6/2025: After further consideration, developer fees can be included, however the developer fee will be considered a soft cost, subject to the 20% soft cost cap.</p>
41	Hello! Applicants have been provided a very limited amount of time to prepare the appraisal, cost estimate, etc. We are experiencing issues with the deadlines	<p>1) The deadline has been extended to 6/13/2025 at 5:00 PM. The extension has also been posted on the CAFE webpage.</p> <p>2) See Answer to question #29 above.</p>

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	<p>and anticipated lead times for these services. Is an extension available/acceptable?</p> <p>I am also curious if the project is public bid or if the bid is open as long as the hired GC uses prevailing wage labor.</p>	
42	<p>We are preparing an application. Can you please let us know what the timeline is? Since we are an existing facility, it would be helpful to know when organizations will find out if they are awarded, when the project has to be started and completed, and when would the tax credits be issued? Would the NJEDA provide any assistance in finding businesses or individuals interested in purchasing the tax credits?</p>	<p>Applications will be reviewed by EDA staff and those deemed complete will be scored and then presented to the EDA Board for decisioning. Applications approved by the Board will have one year to satisfy the conditions of approval and then enter into a tax credit agreement with the EDA. The applicant has four years from execution of the tax credit agreement to complete the project.</p> <p>The timeline for application review and EDA Board decisioning will depend on the volume of applications received, and whether clarifying information is needed. We anticipate that this process could be 3-6 months, or more depending on specific circumstances.</p> <p>See Answer to question #26 above. In addition, the State (Treasury) may purchase tax credits under certain circumstances, please see the Division of Taxation's Director's Tax Credit Purchase Program.</p> <p>https://www.nj.gov/treasury/taxation/taxcreditpurchase.shtml</p>

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43	<p>Per the site access requirement. We are a cultural non-profit. The project site is owned by our local municipal government. The city's chief executive (Mayor) is writing a letter of municipal support for the project, including acknowledgment of the four-year completion window, assurances of likely permit and plan approvals, and alignment with development goals.</p> <p>Can this letter, or a separate letter also from the Mayor, meet the requirement for the site use an access requirement, so long as it indicates intent to provide a right of access to the cultural arts institution to perform and complete the project, following approval of the site plan by the municipal government within the 12-month NJEDA contracting window?</p> <p>Are there any other specifics on what form a letter of intent should take?</p>	<p>If the municipality is the owner of the site, the letter of support from the chief executive or governing body of the municipality can also evidence the intent or obligation to provide the necessary site access. The letter of intent, or the letter of support that also serves as the letter of intent, must be dated and executed by the applicant and the current owner of the site and must evidence an intent or obligation to provide the necessary right of access and control to complete the cultural arts project and to operate the cultural arts project during the 5-year eligibility period. Note that it is not sufficient for the letter of intent to describe the intent to provide access only during construction; the applicant must have control over the site and the operations of the cultural arts project during the 5-year eligibility period.</p>
44	<p>The tenant in this building (16,000 SF) is submitting an application. The lease is in place and is expiring in August. The space will be converted to condominium ownership in the near future as part of their renovation project. For the AS IS Value, can we assume Fee Simple ownership vs Leasehold Interest because of the expiring lease?</p>	<p>If the project is a condominium project, the applicant would provide information based on a condominium, rather than a leasehold. All projects have one year after Board Approval to satisfy the conditions of approval, which include providing documents that evidence site control by the cultural arts institution or an affiliate of the cultural arts institution.</p>
45	<p>Hi, i have a question in regards to the lead applicant. The program mentions that there is a high expectation of the applicants to be non profit rather than municipalities. Would that mean that only in little cases the local government would be taken into consideration, even if the primary mission for the project would be to create cultural arts center?</p>	<p>The CAFE program is open to municipalities, however the statute and the program rules require that if the applicant is a governmental entity (or not-for-profit), that applicant must have a "primary mission" and specific policy goal of cultural, arts and cultural education, or artistic enrichment of the people of this State. In addition, the program requires that the project site satisfies the definition of a "cultural arts institution facility." These are two separate requirements, and both requirements must be satisfied to be eligible for the CAFE program.</p>
46	<p>Will applicants be allowed to send supplemental documents, such as additional site designs and illustrations, after their application has been submitted?</p>	<p>Applicants who have submitted a <u>substantially complete application</u> by the deadline may have the opportunity to cure deficiencies.</p>
47	<p>a) Can you provide more information about what is required for the "Feasibility Study"? Is this required if this this an existing building?</p>	<p>a) Yes. A market and/or feasibility study is a required element for all applicants. See Answer to #18 above.</p>

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	b) For "Diversity Scoring", since we are a County, what population (County employees, residents of the County, the Commissioner Board) are we expected to reference while responding to this question?	b) For a County, the equivalent of the “board of directors” for purposes of the “diversity scoring” is the Board of County Commissioners.
48	Hello! Our mayor has written a letter of support for our expansion project but our town officials don't feel comfortable stating that it will receive TCO without view and vetting the project. Is it possible to submit the application without this?	To clarify, the letter of support does not require the municipality to make any statement about the feasibility or likelihood of the project receiving a TCO within four years. The letter need only acknowledge that the municipality is aware that the CAFE Program requires the cultural arts institution to complete the project and obtain a TCO within four years of the cultural art institution executing the tax credit agreement with the Authority.
49	Based on the guidelines "A Cultural Arts Institution Facility is ineligible for the CAFE program if they lease, sublease, or otherwise reduce their tenancy during the eligibility period up to the lesser of 15,000 SF or 40%." If the "Facility" is made up of two separate, adjacent buildings and a combined 29% is allocated as leased space is this allowable. This may mean that in one of the buildings more than 40% of the space is leased.	The statement in the question refers to a reduction in size of the cultural arts institution facility during the eligibility period, not the amount of square footage or proportion of space that the cultural arts institution facility must occupy in a building or buildings. The cultural arts institution facility can occupy only 29% of the combined buildings. However, of the space designated as the cultural arts institution facility, the cultural arts institution cannot lease, sublease, or otherwise reduce its tenancy by more than 15,000 square feet or 40% of the cultural arts institution facility space.
50	<p>Good afternoon!</p> <p>1. For our project, the current property owner is extending a long-term ground lease on the site and transferring the ownership of the existing buildings, and their contents, to the applicant. The project would then combine adaptive reuse of these existing buildings and new construction on the site.</p> <p>With the ownership of these buildings being transferred to the applicant, can the appraised, as-is value of these buildings be considered toward the 20% equity match requirement?</p>	<p>a) If the applicant has a contract to purchase a building it can be considered equity, and this would be included as a condition of approval. Additionally, the program rules regarding equity state: “Property value shall be valued at the lesser of: the purchase price, provided the property was purchased pursuant to an arm’s length transaction within 12 months of application; or the value as determined by a current appraisal acceptable to the Authority. The property value shall not equal 50 percent or more of the equity.” Also see Answer to question #44 above.</p> <p>b) The equity requirement refers to the applicant-contributed capital. The applicant must contribute capital equivalent of at</p>

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	<p>2. We are seeking a better understanding of the equity match requirement. The value of the NJEDA tax credits applied toward the project may be discounted, due to transfer via a broker, by up to 15%. The organization is then responsible for raising the funds, or providing another source of equity (i.e., property)—or a combination—to make up the difference in achieving the project budget.</p>	<p>least 20% of the total project cost (or 10% for projects in a government-restricted municipality). The gap between the proceeds of the tax credit monetization and the project construction uses does not change the minimum equity required. However, the applicant must demonstrate sufficient financial sources to complete the project. This may require that the applicant either obtain additional sources of financing or contribute additional equity.</p>
51	<p>Early on, we submitted a question about character/word limits for the narratives in the application portal. The response posted that NJEDA is not aware of limits on the text boxes. We have been putting our narratives into the portal and find there ARE limits. Some of them are as restrictive as 1,900 characters. We have tried switching browsers and that does not make a difference. In the future, could NJEDA please provide the guidelines about these limits? We are now faced with significantly revising sections of the application draft.</p>	<p>We apologize for any confusion regarding character limits in the application portal. For sections which allow an upload of supplemental information, you can include the longer version as an uploaded document. Please revise your narratives to fit within the current character limits.</p>
52	<p>Regarding the requirements for scoring Section 4, it is our understanding that the applicant is to submit a detailed narrative describing the job creation and economic development arising from the project, which the EDA will use as a reference for their evaluation and analysis using the IMPLAN model. The applicant is not responsible for conducting or submitting their own economic development study and analysis using the IMPLAN model. Can you clarify that this is the correct interpretation?</p>	<p>Yes, your understanding is correct. Applicants are required to submit a detailed narrative describing job creation and economic development related to their project. NJEDA will use this narrative as a reference for their own evaluation and analysis using the IMPLAN model. Applicants are not responsible for conducting or submitting their own economic development study using the IMPLAN model.</p>
53	<p>For the hospitality/art gallery/rehearsal component of the [Redacted] Project we anticipate leasing this portion of the project to a hospitality operator with a long-term lease. We anticipate a turnkey delivery of the space including all fit out and kitchen equipment. We anticipate funding the hospitality component by monetizing the tax credits for the hospitality component through the issuance of tax exempt 5-year government guaranteed bonds and a \$4 million dollar prepayment of rent pursuant to a long-term year lease. We will structure the long-term lease to include a nominal rent payment in the early years and anticipate that rent payments will be utilized to support the ongoing</p>	<p>Assuming the question is asked by a potential cultural arts institution applicant and the potential applicant will own the cultural arts institution facility, the applicant can only lease up to the lesser of 15,000 square feet or 40 percent of the cultural arts institution facility. As for the advance payment of rent, the question does not clarify which entity or entities are issuing the bonds or which entity is making such advance payment of rent. Assuming the potential cultural arts institution applicant will own the cultural arts institution facility and the hospitality operator tenant is the entity with the obligation to make the rent payment,</p>

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	operations at the theater. Please confirm that the advance payment of rent does not constitute a capital contribution.	then the advance payment of rent is not a "project cost" because only costs incurred by the cultural arts institution, not costs incurred by a tenant of the cultural arts institution.
54	<p>a. Are you able to provide an example with numbers, and perhaps formulas, for what you would like to see for the IRR calculation? We are familiar with IRR calculations and have read the guidance EDA has provided, but we want to be sure we're calculating it as required, since a nonprofit museum might not usually be assessed by metrics like IRR.</p> <p>b. The project cost analysis worksheet seems to have validation in the cell for square footage to be rented to others, but we aren't able to enter anything there. It's also not possible to enter any detail in any of the 'other' fields. Are any updates to the spreadsheet planned?</p>	<p>a. To calculate unlevered IRR applicants should use standard factors such as total development costs, projected cash flows, and terminal value. The Project Economics Instructions have been updated to account for leased projects. The applicant may consider consulting with a financial advisor familiar analysis methods to complete the IRR calculation.</p> <p>b. Thank you for sharing your feedback. The project cost analysis worksheet has been updated to remove the validation in the cell for the square footage to be rented to others, and to allow for editing of the “other” fields. The updated copy may be downloaded within the “capital investment-project cost” section of the application. A link is also included here: https://www.njeda.gov/cafe-project-cost-analysis-worksheet_2025-02-26/</p>
55	Are Mayor’s only permitted to provide a letter of support to one organization applying for this grant?	There is no restriction on the number of letters of support a mayor (or governing body) can provide. Mayors (or governing bodies) can provide letters of support to multiple organizations applying for the CAFE program.
56	I'm seeking clarification on the prevailing wage requirement for building services. Does this requirement apply only to third-party contractors, or would it also apply to staff employed directly by the organization who are performing building service activities?	Direct employees of the applicant itself are not subject to prevailing wage requirements for their own project; however, absent certain limited exceptions, contractors (including subcontractors) of the applicant (or the landlord) are subject to the prevailing wage requirements. See also answer to Item #36.
57	This is about the fundraising plan - can prior fundraising be included in the plan total?	Prior fundraising can be included in the fundraising plan. Operational and programmatic fundraising should be distinguished from capital fundraising in the plan.

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	<p>A multi-million dollar anonymous gift has already been spent on property acquisition and other pre-construction needs. Does this qualify as contributing to the project financing gap, or does its timing and usage disqualify it from being included in the formal fundraising plan submission?</p> <p>Can operational and programmatic fundraising be included in a capital fundraising plan?</p> <p>Given that a certain amount of our budget is targeted for operations and programming over the next five years, and not for construction-related capital expenses, is it appropriate to include this amount in the fundraising plan tied to the CAFE capital project? Would doing so help satisfy equity or financing gap requirements, or would NJEDA view this as separate from allowable “project costs” under the program rules?</p>	<p>Capital fundraising will be reviewed to ensure that the construction financing is adequate to complete the capital project.</p> <p>Regarding equity, the equity requirement is based on a percentage of the total project cost (that is, eligible and ineligible capital project cost), not future operational cost. Certain pre-construction costs, such as costs for project feasibility incurred within the 12 months prior to application, can be included as equity (see Program Rules definition of equity). The value of property that was purchased before the application can also be included as equity. Operational and programmatic fundraising monies raised for the purpose of covering future ongoing operating expenses are not capital investment, and therefore would not be included in the calculation of equity contribution.</p> <p>The project financing gap is based on the equity investment and a comparison of the project's return on that equity investment to a reasonable and appropriate return on investment over the period of the capital project and the eligibility period.</p> <p>"Project cost" refers to the capital project costs that are eligible for purposes of calculating the tax credit award amount. Project cost are based on actual expenditures and, except for soft costs, must be incurred after application and do not include costs after the earlier of the permanent certificate of occupancy or the date by when the applicant must submit to the Authority the documents certifying the completion of the project and the eligibility for issuance of the tax credit award.</p>