



**New Jersey Economic Development Authority Pilot
Main Street Acquisition Support Grant Program
*Notice of Funding Availability***

The New Jersey Economic Development Authority (“NJEDA” or “Authority”) will begin accepting applications for the *pilot* Main Street Acquisition Support Grant (“Program”) on **October 1, 2024 at 10:00am EST**. This pilot grant Program will offer grant awards up to \$50,000 to reimburse eligible NJ small businesses for closing costs related to the recent purchase of a New Jersey commercial property from which the small business will continuously operate.

Applications will be reviewed on a first come, first served basis, based on the date and time that the Authority receives the completed application. Applications will continue to be accepted until total funding pool is exhausted *or* for three years from the date applications are made available to the public, unless the Authority closes the application period earlier in order to modify or amend this product prior to launching a new phase.

A \$500 approval fee is required prior to execution of the grant agreement.

The application can be accessed online at: <https://www.njeda.gov/main-street-acquisition-support-grant/>.

Purpose and Overview

On January 7, 2021, Governor Phil Murphy signed the New Jersey Economic Recovery Act of 2020 (ERA) into law, P.L. 2020, c. 156 (N.J.S.A. 34:1B-349 et seq.), as later amended by P.L. 2021 c.160 further improving the ERA programs. The ERA presents a strong recovery and reform package that addresses the ongoing economic impacts of the COVID-19 pandemic and positions New Jersey to build a stronger and fairer economy that invests in innovation, in our communities, and in our small businesses, the right way with the protections and oversight that taxpayers deserve. Tax incentives and other investment tools are critical to economic development, and when used correctly they can drive transformative change that uplifts communities and creates new opportunities for everyone. One of the 15+ programs created by the ERA is the “Main Street Recovery Finance Program” (N.J.S.A. 34:1B-351 et seq), a small business support program under which individual financial assistance products were created with a common purpose of supporting the growth and success of small businesses in New Jersey. As of today, \$227 million has been appropriated for the Main Street Recovery Fund, which funds several individual products.

On August 11, 2021, NJEDA's Board approved special adopted rules creating the "Main Street Recovery Finance Program" (N.J.A.C. 19:31-5, effective date November 23, 2021). These rules established criteria for the Small Business Lease Assistance Grant, the Small Business Improvement Grant, the Main Street Micro Business Loan, the Main Street Lenders Grant, and the Small Business E-commerce Program.

On February 7th, 2024, the NJEDA Board approved the creation of the pilot "Main Street Acquisition Support Grant" Program, that is aligned with the grant and loan products under the Main Street Recovery Finance Program and related rules. The pilot Main Street Acquisition Support Grant Program will support eligible New Jersey small businesses that have made a substantial investment in a recently purchased New Jersey commercial building by providing up to \$50,000 in grants to reimburse for closing costs. This liquidity infusion will also help support businesses' operating needs during the early stages of ownership, thereby increasing the likelihood of survival and longevity for small businesses post-COVID.

Funding

Utilizing funding through the Main Street Recovery Fund, which was also created under the ERA, the Main Street Acquisition Support Grant is utilizing \$5 million in funding. The Authority may increase total grant funding up to \$10 million if demand exceeds the available funding of \$5 million. Of the initial program funding pool of \$5 million, 40% will be reserved for applicants that purchase commercial buildings located in one of the 715 eligible NJ Opportunity Zone census tracts. Should the program funding be increased, the additional funding would not be subject to the 40% set aside.

The potential award amount is based upon current information about funding availability; NJEDA reserves the right to increase that amount and number of awards should additional funds become available.

Program Details

This pilot Program aims to support eligible New Jersey small businesses seeking to operate and grow into newly purchased commercial properties by reimbursing closing costs up to \$50,000. The closing date of the purchased property must occur *after* the grant application is made available to the public. The grant application date must be no later than one year from the closing date of the purchased property. Applicants that apply in advance of a scheduled closing are ineligible for this grant.

As part of the process to acquire a commercial property, the small business would go through an underwriting and closing process and must close on a loan through a conventional lender, ensuring that the applicant meets the necessary debt service coverage ratio to qualify for the loan. For the purposes of this product, the Authority will consider a conventional lender to be any SBA lender, CDFI, MDI, bank, credit union, or any state, county, city administered loan with underwriting standards. Once the closing on the commercial property is complete, the small business owner would then be able to apply to NJEDA for this pilot grant award.

The small business must certify annually that it will continuously operate its commercial

business for five years from the NJ project location/building that was purchased. This required five-year compliance term will begin after execution of the grant agreement. The small business may lease a portion of the building so long as the grant recipient is also operating from at least 1,000 square feet of the total usable square footage of the building devoted to commercial use at the time of signing the grant agreement.

In circumstances where the property was purchased, and at the time of signing the grant agreement, if major construction or major renovation has prevented the small business applicant from operating from the purchased property, the small business applicant must begin operating from at least 1,000 square feet of total usable square footage of the building devoted to commercial use no later than 12 months from the date of executing the grant agreement. During the first annual compliance period, the small business applicant will be required to certify that they continuously operate from the purchased property and NJEDA will collect a Certificate of Occupancy to confirm the construction and/or renovation has been completed. If at time of the initial annual compliance period and for the term of grant agreement, the small business applicant has not demonstrated and/or certified to continuously operating from at least 1,000 square feet of total usable square footage of the building devoted to commercial use, the repayment of all or a portion of the grant will be required.

NJEDA will place a 5-year deed restriction on the purchased property to restrict property transfer. The grantee may request that the deed restriction be released after the five-year compliance period and if the grantee remains in compliance with the grant agreement.

Real Estate Holding Company

If the commercial property was newly purchased through a real estate holding company, the small business that will operate from the building will be the grant applicant and the real estate holding company will be the grant co-applicant. The small business applicant must either wholly own the real estate holding company, or the ownership of both entities, and percentages of ownership of both entities must be the same. If the real estate holding company that purchased the property is not wholly owned by the small business applicant or does not have the same owners and same ownership percentages as the small business applicant, the small business applicant will be ineligible for this product. Additionally, the real estate holding company, if any, will be required to provide a five-year deed restriction on the property to restrict property transfer.

Eligibility and Program Requirements

As indicated above, the closing on the newly purchased New Jersey commercial property must have taken place *after this grant Program application has been made open to the public*. (Note: The closing cannot be a refinance of an existing loan.) The grant application date must be no later than one year from the closing date of the purchased property.

Eligible applicants can be for-profit or non-profit entities and must meet the following requirements including, but not limited to:

- The applicant that is the small business that will operate from the purchased property must meet the SBA definition of a small business based on their NAICS code.
- Prior to NJEDA approval of a grant application, applicants must be in good standing on all financial assistance received from the New Jersey Economic Development Authority, and must be in substantial good standing with the NJ Department of Environmental Protection, NJ Department of Labor and Workforce Development, and NJ Department of Environmental Protection. If a compliance issue exists, the eligible business must have entered into an agreement with the respective department including a practical corrective action plan, as applicable.
- The small business applicant and real estate holding company co-applicant, if any, must be registered to do business in New Jersey.
- The small business applicant and the real estate holding company (co-applicant), if any, must provide a current Tax Clearance Certificate from the NJ Division of Taxation prior to receiving NJEDA approval.
- One grant per EIN up to \$50,000 for a maximum of one location. Applicants are not eligible for multiple grants under the same EIN.
- NJEDA Small Business Lease Grant awardees are eligible for this product. Any time remaining on their compliance period for their lease grant will be added to the 5-year deed restriction for this product.

As stated above, if the real estate holding company that purchased the property is not wholly owned by the small business applicant or does not have the same owners and ownership percentages as the small business applicant, then the small business applicant will be **ineligible** for this product. The real estate holding company (co-applicant), if any, will be required to certify that it will provide a five-year deed restriction on the property to restrict a property transfer.

Further, the small business applicant/grantee is required to retain ownership and must certify annually to continuously operate its commercial business for five years from the purchased NJ project location/building. This five-year compliance period begins after execution of the grant agreement. *(Please see below regarding major construction or renovations at the property.)* The small business may lease a portion of the building, provided the grantee is also operating from at least 1,000 square feet of the total usable square footage of the building devoted to commercial use at the time of signing the grant agreement.

- If after the property was purchased and at time of signing the grant agreement, the applicant has acknowledged that at time of application that major construction or major renovation has prevented the small business applicant from operating from the purchased property, the small business applicant must begin operating from at least 1,000 square feet of total usable square footage of the building devoted to commercial use no later than 12 months from the date of executing the grant agreement.
- The small business applicant may be deemed **ineligible** if, at the time of application, they acknowledge that major construction or major renovations prevents their small business from operating from the purchased property, and that it will take more than 12 months for the small business to begin operating from the purchased property.

- During the first annual compliance period, the small business applicant will be required to certify that they continuously operate from at least 1,000 square feet of total usable square footage of the building devoted to commercial use. NJEDA will collect a Certificate of Occupancy to confirm the construction has been completed.

As part of the process to acquire a commercial property, the small business applying for the grant (and operating from the property) must undergo a loan underwriting and closing process, in an arm's length transaction with a conventional lender, to ensure that the small business can adequately demonstrate, to the lender, its ability to repay the loan for the newly purchased commercial property. For the purposes of the Main Street Acquisition Support Grant product, NJEDA will consider a conventional lender to be an SBA lender, Community Development Financial Institution (CDFI), Minority Depository Institution (MDI), bank, credit union, or any State of New Jersey Authority, New Jersey County, New Jersey City or New Jersey Municipality administered commercial loan with standard underwriting criteria. Properties purchased fully in cash, using seller financing, and/or hard money financing are not eligible for this grant. At the time of application, applicants must provide supporting documentation to confirm ownership of each applicant entity and the applicant's ownership of the property. This includes, but is not limited to, an affidavit of title and property deed.

Since the grant is not exceeding the \$50,000 threshold under ERA Main Street Recovery Program statute, the purchased property site will not be subject to New Jersey labor compliance requirements. Due to state statute, grantees operating from the purchased property must enforce minimum wage requirements for their employees. This means that each full-time or part-time employee, employed by the small business applicant operating from the purchased property, be paid not less than \$15.00 per hour or 120 percent of the minimum wage fixed under subsection (a) of section 5 of P.L. 1966, c. 113 (N.J.S.A. 34:11-56a4), whichever is higher, except that the small business shall pay not less than 120 percent of the minimum wage to an employee who customarily and regularly receives gratuities or tips for the entire compliance period. Grantees will be required to certify annually for the term of the grant agreement that they are continuously operating out of the purchased property and that the small business applicant operating from the property are meeting the wage requirements per section 5 of P.L. 1966, c. 113 (N.J.S.A. 34:11-56a4), if they have employees.

Disqualifying Conditions

In addition to not meeting the applicant, co-applicant, and property program eligibility requirements, conditions that will disqualify an applicant or co applicant from this pilot grant Program include, but are not limited to:

- The closing on the purchased property took place prior to grant application being made open to the public, has not occurred yet, or occurred after the grant application date.
- The grant application was submitted more than one year from the closing date of the purchase property.
- Property purchased is 100% residential use.
- The property purchased was vacant land, or a refinanced transaction.

- The small business applicant will not operate from at least 1,000 square feet of total usable square footage of the building devoted to commercial use at time of signing the grant agreement.
- The small business applicant may be deemed ineligible if, at the time of application, they acknowledge that major construction or major renovation prevents their small business from operating from at least 1,000 square feet of total usable square footage of the building devoted to commercial use, and that it will take more than 12 months for the business to begin continuously operating from the purchased property.
- The small business applicant, or real estate holding company (co-applicant) if applicable, will *not* certify to the five-year deed restriction required by the Main Street Acquisition Support Grant Program.
- The property will not be continuously operated by the small business applicant during the five-year compliance period that begins upon execution of the grant agreement.
- Ownership structure of the applicant and co-applicant are not aligned.
- The small business applicant is a real estate holding company.
- Applicant or co-applicant is not in good standing with the NJ Department of Labor or NJ Department of Environmental Protection, or has a product that was approved and not in good standing with NJEDA.
- Applicant or co-applicant is a cannabis or cannabis licensed business.
- Applicant or co-applicant, or any person who controls the applicant or co-applicant entity, or owns or controls more than 1% of the stock of the applicant or co-applicant, is an officer or employee of any agency, authority, or instrumentality of the State of New Jersey.
- Businesses that are engaged in the following are not eligible for funding: the conduct or purveyance of “adult” (i.e., pornographic, lewd, prurient, obscene or otherwise similarly disreputable) activities, services, products or materials (including nude or semi- nude performances or the sale of sexual aids or devices); any auction or bankruptcy or fire or “lost-our-lease” or “going-out-of- business” or similar sale; sales by transient merchants, Christmas tree sales or other outdoor storage; or any activity constituting a nuisance.

Application Submission and Review Process

Applications are available online at <https://www.njeda.gov/main-street-acquisition-support-grant/>. After applications are received, they will be reviewed on a first come, first served basis until all funds are committed or program expires (3 years from Program launch), unless the Authority closes the application period earlier to modify or amend this product prior to launching a new phase.

NJEDA staff will review all applications for completeness and eligibility and will follow up with applicants to confirm the applicant’s ownership of the purchased property and for other additional information or documentation if needed. At the sole discretion of the Authority, staff may ask for clarification of the information included in the application, including, but not limited to, responses, supporting documentation, and attachments. If documentation is needed to complete the review of the grant application, then those documents requested must be submitted to EDA within 10 business days to prevent the administrative withdrawal of the grant

application. If an applicant is non-responsive or not fully responsive to requests for documentation, the grant application will be administratively withdrawn in 10 business days.

Pursuant to the Main Street Recovery Finance Program rules (N.J.A.C. 19:31-5.4), the applicant (and co-applicant, if applicable) must provide a completed application which includes, but is not limited to, the following:

- The name of applicant;
- The contact information of the applicant;
- The prospective future address of the applicant (if different);
- The organization type of the applicant;
- The principal products and services, and three-digit North American Industry Classification System Number;
- The New Jersey tax identification number;
- The Federal tax identification number;
- The most recent three (3) Federal tax returns filed (if applicable);
- A completed legal questionnaire disclosing all relevant legal matters in accordance with the Authority debarment and disqualification rules at N.J.A.C. 19:30-2;
- The total number of full-time and part-time employees of the applicant, in New Jersey at the time of application, and three months prior to the submission of the application;
- The comprehensive list of the applicant's locations in New Jersey and the function performed at each location;
- Submission of a New Jersey tax clearance certificate, pursuant to P.L. 2007, c. 101;
- WR 30, payroll reports, or equivalent documentation for the quarter preceding submission of application;
- A deed that has been filed after the closing of the property;
- Copy of Affidavit of title;
- Copy of the full property appraisal;
- HUD-1 statements, closing disclosure, or settlement statements to verify closing costs.
- Supporting documentation to demonstrate the relationship between the real estate holding company (if applicable) and small business (applicant) to include, and is not limited, to partnership agreement, bylaws, formation documents, and/or operating agreement that confirms ownership structure and ownership percentages.
- A certification provided by the small business applicant and the real estate holding company, if any, that it will provide a five-year deed restriction on the property that restricts a property transfer;
- A certification provided by the small business applicant that it will operate from at least 1,000 sq ft of the total usable square footage of the property devoted to commercial use for the duration of the 5-year grant compliance period. (*Please be advised that NJEDA will require applicants to provide information on an annual basis to ensure compliance.*);
- A certification provided by the small business applicant that occupies and or operates from the property will pay employees 120% of the New Jersey minimum wage for the duration of the 5-year grant compliance period. (*Please be advised that NJEDA will require applicants to provide information on an annual basis to ensure compliance.*);

- A certification under the penalty of perjury from the applicant, or an authorized agent of the applicant, that the information provided in the application is true; and
- Any additional documentation or information as requested by the Authority.

Grant Award

Eligible applicants with a distinct EIN can receive one (1) grant of up to \$50,000 for closing on a single eligible location. Applicants are not eligible for multiple grants under the same EIN. Only closing costs paid by the applicant or co-applicant are eligible to be reimbursed.

The grant amount will be determined by utilizing a HUD-1 statement (reference line 1400) or other satisfactory closing statements such as Closing Disclosures or Settlement Statements that identify all closing costs associated with the executed loan closing for the purchased property. The grant amount will be based off the closing costs paid by the applicant or co-applicant (real estate holding company, if any) after deducting the purchase price of the building, the purchase amount of the business, and any payoffs, and subject to the satisfaction of the NJEDA. Eligible applicants with a distinct EIN can receive one grant of up to \$50,000 for closing on a single eligible location. Applicants are not eligible for multiple grants under the same EIN. Only closing costs paid by the small business applicant or the real estate holding company (co-applicant) are eligible to be reimbursed.

Grant Agreement

Once an applicant is approved for funding, the NJEDA will enter into a Grant Agreement with the applicant detailing the amount of grant funding and all financial program requirements.

The NJEDA will require that the purchased property remains occupied and operated by the grantee for a minimum of five (5) years, the grant agreement term. There is no minimum square footage that the commercial building must be in order to be eligible. A business may lease a portion of the building so long as the grant recipient is also operating from the building. NJEDA will not be requiring that the grant recipient occupy 51% of the building, based on the fact that this requirement is a barrier for small businesses in downtowns to be able to access the product as commercial properties within a downtown often have layouts in which a sizable portion of the building is inoperable space. However, NJEDA will require that the small business applicant operate from at least 1,000 square feet of the total usable square footage of the purchased property. There is no restriction on the size of the property that was purchased.

If the property is sold or fully leased, or the applicant no longer operates from at least 1,000 square feet, then repayment of the grant by the applicant of all or a portion of the grant may be necessary. Repayment of the grant will be prorated based on the years of compliance, with 20% reductions for each full year the applicant is compliant with the terms of the grant.

The deed restriction on the purchased commercial property may be released after five years if the applicant is compliant with the grant agreement. If the property is sold or fully leased out, or if the grantee no longer occupies the minimum of 1,000 square feet of the total usable square

footage of the purchased property prior to satisfaction of the 5-year compliance period, repayment of all or a portion of the grant funds will be required.

In case of the sale of the property prior to satisfaction of the 5-year compliance period, repayment of all or a portion of the grant will be necessary. Repayment of the grant will be prorated based on the years of compliance, with 20% reductions for each full year the applicant is compliant with the terms of the grant.

In case of a grant default, the five-year compliance period and the term of the deed restriction will be extended for as long as the default remains outstanding and uncured. At the sole discretion of the NJEDA, Grantees may be able to cure a default by restoring its good standing under the grant agreement and satisfying the remaining (extended) compliance period, or by repaying all or a prorated amount of the grant, based on the years of compliance.

Grant Funding Disbursements

The Authority will fully disburse the grants only to the small business applicant after execution of the grant agreement. The maximum grant amount is \$50,000 and **is limited to one grant per EIN, for a maximum of one location.**

Post Closing Compliance

All grantees must certify annually, beginning 12 months after the execution of their grant agreement and for the term of the grant agreement, that the small business applicant is continuously operating out of the property and that the small business applicant is meeting the minimum wage requirements per section 5 of P.L. 1966, c. 113 (N.J.S.A. 34:11-56a4) if they have employees.

If after the property was purchased and at time of signing the grant agreement, the applicant has acknowledged that at time of application that major construction or major renovation has prevented the small business applicant from operating from the purchased property, the small business applicant must begin operating from at least 1,000 square feet of total usable square footage of the building devoted to commercial use from the purchased property **no later than 12 months from the date of executing the grant agreement.**

During the first annual compliance period, the small business applicant will be required to certify that they continuously operate from at least 1,000 square feet of the total usable square footage of the building devoted to commercial use, and NJEDA will collect a Certificate of Occupancy to confirm the construction has been completed. If at time of the first annual compliance period and for term of grant agreement (5 years), the small business applicant has not demonstrated and/or certified to continuously operating from the purchased property, the repayment of all or a portion of the grant will be necessary.

Fees

A \$500 approval fee is required after the application has been approved and prior to execution of the grant agreement.

Additional Information

Comprehensive information about the Main Street Acquisition Support Grant is available at <https://www.njeda.gov/main-street-acquisition-support-grant/>

Questions concerning this program's Notice of Funding Availability should be submitted to BusinessBanking@njeda.gov

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