



**New Jersey Economic Development Authority
Pilot Emerging Developers Grant Program
NOTICE OF FUNDING AVAILABILITY**

Applications for the Emerging Developers Grant Program will close on Friday, November 15, 2024 at 5:00 PM EST. All other program specifications will remain the same.

The New Jersey Economic Development Authority (“EDA” or “Authority”) will begin accepting applications for the \$20 million pilot Emerging Developers Grant Program (“Program”) on (Monday) June 24, 2024, at 10:00 a.m. EST. Applications will be accepted on a first come, first evaluated basis, or until grant funding is exhausted. The application can be accessed at <https://www.njeda.gov/emerging-developers/>.

The Program will provide grants to assist small-scale developers with pre-development soft costs, as outlined below.

Purpose and Background

The Emerging Developer’s Grant Program aims to support small-scale, emerging real estate developers in their pre-development phase. The program is designed to reinforce the principles of an inclusive and equitable economy by providing financial assistance for pre-development soft costs.

Consistent with EDA’s efforts since 2018 to implement Governor Murphy’s Economic Plan, the goal of this pilot Program is to assist communities in creating vibrant and inclusive cities and neighborhoods that build a stronger and fairer New Jersey.

The Program will meet one of the major economic development priorities adopted by the Authority’s Board in December 2021, and laid out in the Governor Murphy’s Economic Plan: “Investing in Communities”. Providing funding to assist emerging development entities as they cultivate their real estate portfolios will foster the vision of providing equitable opportunities in an inclusive economy. This grant should also set the stage for government agencies to understand the importance of supporting emerging developers as they enter a more prominent stage of real estate development and develop a relationship with state entities. This will allow these awardees to grow and eventually become experienced enough to build their portfolio to tap into other state incentives and resources, which may improve the quality of lives while building stronger communities.

Access to capital for small-scale developers in the real estate development industry continues to be a challenge. These barriers are due to predatory lending, excessive carrying costs, and predevelopment expenses a developer may encounter; these predevelopment costs are necessary for the developer to incur before they can seek short term construction financing. These deterrents in the development industry have created financial setbacks and limited portfolios for emerging development entities that do not have the capital to cover soft costs. Soft costs typically account for 30% of a real estate development budget based on the required administrative and executional aspect of the early-stage development process.

Funding Source

The FY2023 Budget appropriated a total of \$65 million to real estate project funding, of which \$20 million was intended to bolster and grow small emerging developers and allows for the creation of the Emerging Developers Grant Program. The Program will utilize the \$20 million appropriation, which will be deposited into Economic Recovery Fund (ERF)

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

The Emerging Developers Program has been created to support emerging developers for soft costs during their pre-development phase of a project. This program will help emerging developers gain access to capital and build additional capacity to expand their existing portfolio that may otherwise cause a financial burden if it were not for the assistance of this grant.

Site control will be required at time of application, as it demonstrates an equity injection took place to acquire the asset. Following acquisition of the asset, administrative expenses classified as professional services and regulatory fees are necessary investments. Soft costs provide the blueprint to any real estate initiative and while intangible to the asset, they're critically important in pre- development.

This grant Program will fund small-scale developers that have completed at least two, but no more than five commercial, residential and/or mixed-use properties of similar scope. The creation of this Program will help overcome various difficulties that continue to be a constant burden to emerging developers and therefore limit opportunities to expand their portfolios.

The intent of this program aims to:

- Create a stronger and fairer economy
- Drive economic growth and equity
- Reduce the financial burden of predatory lending by providing additional capital to assist with soft costs
- Attract developers who may take advantage of greater opportunities

- Enhance the ability to seek favorable financing with less debt due to the assistance of the grant
- Collaborate with other State agencies within the state to synergize this initiative to provide additional resources
- Initiate and maintain relationships with banks that will work alongside the developer to increase their portfolio
- Decrease the need for hard-debt lending
- Create local jobs in communities throughout the State
- Expand the developer's capacity by introducing other State agencies that may assist with other initiatives that may or may not be related to the request of this grant

Eligibility Criteria

To be eligible for the grant, applicants must meet the following criteria:

Applicant must demonstrate ownership of the property being developed (minimum 51%).

Pre-development soft costs unrelated to construction are eligible for reimbursement.

Small developers with a record of completing at least two, but no more than five commercial, residential and/or mixed-use properties are eligible.

Provide a current tax clearance certificate to demonstrate the applicant is in good standing with the New Jersey Division of Taxation

Non-profit and for-profit entities are also eligible to apply for this grant.

Development Entities

Development Entities, which are the entities responsible for overseeing a real estate development project and coordinating the activities related to the project, including, but not limited to, project design, project financing, and permitting and local approvals shall be eligible applicants.

At the time of application, the Development Entity must identify a specific project and be at least 51% owner of the corresponding real estate or real estate special purpose entity. The largest equity owner of the Development Entity will be analyzed to the extent of their existing portfolio and prior work completed. Projects including the development of various residential properties inclusive of single family and multifamily units, mixed use properties, and commercial development will be considered as part of the Development Entity's experience. A Development Entity with a purchase and sales agreement or a lease are **not** eligible. The Development Entity will be responsible with adhering to the terms and conditions listed in the grant agreement. The Development Entity identified at the time of application is the sole recipient of grant funds and responsible for all terms of the grant agreement. The Development Entity will serve as the primary point of contact with the Authority and submit requests for reimbursement of eligible soft costs. The Development Entity cannot have more than five

employees at time of application as per their last WR30 filed or any other payroll documentation to verify this information.

One award will be provided per Development Entity. Developer Entities that have common majority ownership are ineligible for more than one grant.

The Development Entity must provide an organizational chart at time of application of both the special purpose entity that owns the real estate of the identified project (if the Development Entity does not own the real estate directly) and the Developer Entity. Formation documents for both the Developer Entity and special purpose entity (if applicable) are required at time of application. The Developer Entity will be required to submit documents at time of application that consist of, but are not limited to, a project portfolio of past projects, resume of each key employee or officer, preliminary budget of estimated soft costs, and all other documentation required by the application to demonstrate eligibility.

All applicants, including, all Developer Entities must be in good standing with the New Jersey Department of Labor and Workforce Development, New Jersey Department of Environmental Protection, and the EDA prior to approval.

A current tax clearance certificate is required prior to approval to demonstrate the applicant is in substantial good standing with the New Jersey Division of Taxation, unless the applicant is not required to register with the Division of Taxation.

Eligible and Ineligible Uses of Funding

Grant awards will reimburse up to 50% of eligible pre-development soft costs.

Eligible Project Costs/Soft Costs may include, but are not limited to, the following:

- Architectural and design fees
- Construction drawings and specifications
- Engineering fees and surveys
- Municipal zoning and Inspection fees
- Insurance costs
- Professional fees
- Legal fees
- Accounting fees
- Project management fees
- Market/feasibility study
- Appraisal
- Phase I environmental review
- Property taxes (no delinquent property taxes, must be current)
- Loan interest (if applicable)
- Utilities
- Asbestos, mold, lead based evaluations (not including remediation)

- Application fees for zoning and planning approvals

Ineligible Project Costs may include, but are not limited to, the following:

- Costs associated with the **purchase** of the site/property are **not** eligible for reimbursement.
- Construction costs are **not** eligible under this product, including remediations services, construction, equipment installation, or any other work done under a construction contract.
- As construction cannot have commenced, and construction is not a condition of this program, the grant for eligible pre-development soft costs is not made in connection with any potential future construction.

Grant Awards and Agreement

Grant awards will be eligible for up to \$200,000. The Program will offer a bonus for projects that are in a designated Opportunity Zones census tract in New Jersey or in a Government Restricted Municipality (GRM), which would increase the maximum amount of an award up to \$250,000.

There are 169 designated Opportunity Zones census tracts. The Economic Recovery Act of 2020 designated three cities as Government Restricted Municipalities; they consist of Trenton, Paterson, and Atlantic City. Additional funding towards supporting developers with projects located in these two designations will improve economic conditions in distressed communities and ensure opportunities for investments are equitable and inclusive.

One award is allowed per eligible Development Entity.

The grant agreement must be signed within 30 days of final approval.

Application Submission and Review Process

Applications will be accepted on a rolling basis subject to the availability of funds. All applications will be reviewed for completeness. Complete applications will be evaluated in the order that they are received by the Authority. At the sole discretion of the Authority, staff may ask for any necessary clarifications of the information provided in the application including, but not limited to, responses, documentation, and attachments. Applicants will be given fifteen (15) business days to cure any deficiencies. If at the end of this cure period the application remains incomplete, the application will be deemed withdrawn.

Disbursement of Funding

The Authority will disburse grants to the Development Entity. The disbursements will be based on receipts/invoices that the Developer will submit. As the invoices and receipts are reviewed, 50% of each invoice/receipt for eligible work will be reimbursed. The Development Entity shall

be responsible for assuring the compliance of all terms and conditions of this grant and assumes the sole and absolute responsibility for any payments due to anyone else, including municipal, county, or business partners.

Grants will reimburse up to 50% of the grantee's eligible pre-development soft costs once they have executed their grant agreement. Soft costs that are incurred up to one year prior to the grant application and until one year following the date of execution of the grant agreement will be eligible for reimbursement.

Fees and Administrative Expenses

A \$1,000 non-refundable application fee is required at time of application submission and must be paid by credit card.

Additional Information

Full program details and additional information is available at [Emerging Developers - NJEDA](#) Questions concerning this Program's Notice of Funding Availability should be submitted to emergingdevelopers@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 own 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.