



NJ EDA

Briefing of NJ EDA Programs

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Economic Redevelopment & Growth Program (ERG)



Dollar Amount

Commercial Projects: Incentive grant reimbursement of up to 20% of total project cost, with additional grant funding possible based on project type and/or location.

Mixed Use Parking Projects: tax credit of up to 100% of the parking component project costs and up to 40% of the non-parking component project costs.



Uses

Redevelopment projects that are predominantly commercial and include retail, office and/or industrial uses for purchase or lease

Mixed Use Parking: redevelopment projects consisting of a building or structure, of which the parking component is 51 percent or more of: the total square footage of the entire project; the estimated revenues of the entire project; or the total construction cost.



Benefits

Incentive for developers and businesses to address revenue gaps in development projects, defined as having insufficient revenues to support the project debt service under a standard financing scenario. ERG can also apply to projects that have a below market development margin or rate of return.



Eligibility

The redevelopment project must be located in a qualifying area.

A project financing gap must exist.

The project will result in net benefits to the municipality where the project is located or the State.

The annual percentage amount of reimbursement will not exceed 75% of the annual incremental State revenues.

Paulsboro Plaza Redevelopment

- Renovation of a shopping center on West Broad St. in Paulsboro
- The site will contain 45,000 sq. ft. of retail space and 193 parking spaces.
- This is Phase 1 of a development plan for this site.
- Total Project Costs - \$4.6m



W/O ERG

With ERG

Equity IRR
-0.03%

Equity IRR
7.30%

Saker Shop Rite

- 69,982 s.f. Shop Rite in Somerville, associated with 155 permanent jobs
- Borough's first supermarket since Pathmark closed in 2007
- Total Project Costs - \$28.1m
- **ERG Award – \$5m**
(*Total award based on 17.79% of eligible costs)

W/O ERG

With ERG

Equity IRR
6.26%

Equity IRR
15.04%



Real Estate Impact Fund



Dollar Amount

Private Component: Up to \$3 million to developers and not-for-profit organizations for costs associated with projects located within Targeted Areas, as noted below

Public Component: Up to \$750,000 for costs associated with projects located within Targeted Areas that are owned by the municipality, local redevelopment agency or county improvement authority



Uses

Loan proceeds can be used for eligible project development costs



Benefits

Support of redevelopment in strategic urban and other significant locations that would not otherwise occur in the near term and to strengthen existing and catalyze future development opportunities and private investment



Eligibility

Mixed-use (residential and minimum 20% commercial); retail; office; industrial; entertainment venues; associated parking garage structures; and/or land acquisition/assemblages

Projects can be either new construction or substantial rehabilitation

Residential only projects are ineligible

Real Estate Impact Fund Loan Terms/Amounts



Loan Terms and Amounts

Private Component

- Minimum loan amount of \$250,000.
- Maximum loan amount of \$3 million.
- Loan cannot exceed 25% of total project costs.
- Public funding cannot exceed 50% of total project costs.
- Maximum 10 years, commencing upon construction completion.
- Loan due at earlier of liquidity event or end of loan term.
- Loan interest rate - 3%
- Must create/retain 1 full-time job for every \$65,000 of EDA financing.

Public Component

- Minimum loan amount of \$100,000.
- Maximum loan amount of \$750,000
- The loan will be the lesser of:
 - 100% of total project costs
 - The property's appraised value divided by 120%, rounded to the nearest one-hundred dollars.
- Maximum of 10 years, commencing upon loan closing, due the earlier of end of term or liquidity event.
- Interest rate - 3%
- Must provide plan for end use of site, including estimated number of jobs created/retained.

860 East Grand - Elizabeth



- 25,000 sq. ft. IGA supermarket in Elizabeth “food desert”; Transforming vacant site
- \$1.27m loan from Real Estate Impact Fund
- Total Project Cost - \$17m
- ERG Award - \$4.79m (*Total award is based off 30% of eligible costs)

| <u>W/O ERG</u> | <u>With ERG</u> |
|---------------------|----------------------|
| Equity IRR 1.17% | Equity IRR 14.18% |



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