

New Jersey Economic Development Authority

Economic Redevelopment and Growth (ERG) Grant

The State of New Jersey has authorized \$600 million for commercial and qualified residential projects to receive a tax credit valued up to 75% of the annual incremental State Tax and/or Local Tax revenues.

- Projects must be located in Planning Area 1 (Metropolitan), Planning Area 2 (Suburban), or a center designated under the State Development and Redevelopment Plan, transit village (local incentive grants only), regional growth area, or federally owned land approved for closure by the federal Base Realignment Closing Commission;
- The developer must not have commenced any construction at the site of a proposed redevelopment project prior to submitting an application, (exception - if the NJEDA determines that the project would not be completed otherwise, or in the event the project is to be undertaken in phases, a developer may apply for phases for which construction has not yet commenced, subject to N.J.A.C. 19:31-4.5(a)2);
- For any project consisting of newly-constructed residential units, the developer shall be required to reserve at least 20% of the residential units constructed for occupancy by low or moderate income households, as those terms are defined in section 4 of P.L. 1985, c. 222 (N.J.S.A. 52:27D-304), with affordability controls as required under the rules of the Council on Affordable Housing, unless the municipality in which the property is located has received substantive certification from the council and such a reservation is not required under the approved affordable housing plan, or the municipality has been given a judgment of repose or a judgment of compliance by the court, and such a reservation is not required under the approved affordable housing plan;
- A project financing gap must exist;
- Pursuant to a fiscal impact analysis, for a local grant, the overall public assistance provided to the project will result in net benefits to the municipality in which the redevelopment project is located and for a State grant, the overall public assistance provided to the project will result in net benefits to the State.
- The annual percentage amount of reimbursement shall not exceed 75% of the annual incremental State revenues.
- The term of each approved State and local redevelopment incentive grant agreement may extend for up to 20 years however, the combined amount of reimbursements can reach 30% of the total cost of the project (40% for projects in a Garden State Growth Zone community: Paterson and Passaic), exclusive of publically-owned infrastructure;
- A bonus of 10% is possible in distressed municipalities (Paterson, Passaic and Clifton), transit projects, qualified residential projects with at least 10% of units reserved for low/mod income residents, located in a Highlands development credit receiving area or redevelopment area; located in a Garden State Growth Zone (Paterson and Passaic); a disaster recovery project, an aviation project, a tourism destination project and a project of substantial rehabilitation or renovation of an existing structure(s);
- Projects cannot exceed the reimbursement cap (30-40%);
- A developer seeking an incentive grant is required to make an equity participation for at least 20% of the project's total cost;
- The developer must submit satisfactory evidence of actual project costs, as certified by a certified public accountant and evidence of a permanent certificate of occupancy, prior to the first disbursement of funds under the agreement.