

New Jersey Historic Property Reinvestment Program

*General Program
Information for CLGs*



General Program Information



Established under the **Economic Recovery Act of 2020 (ERA)**



Can work in conjunction with **Federal Historic Tax Credit Program**



\$300 Million Over the Life of the Program (\$50 million annual cap)



Building must be **income producing**, applicant must show that the **project would not be feasible without the credit** and that a **funding gap** exists



Project include the **rehabilitation of a previously identified historic building**



Awards up to **40 - 45 Percent of Rehabilitation Costs**



Applications are due by a **preestablished deadline**



Awards are based on **competitive scoring**



Construction duration of **24 months for single-phase projects** or **60 months for multi-phase projects**



Rules for the program were posted as **adopted rules** in **November 2022**

Program Eligibility

HISTORIC DESIGNATION

- ▶ **Prior to application**, the property must be either individually listed or contributing to a historic district on the **National Register, NJ Register**, or identified as historic by the **Pinelands Commission** or a **Certified Local Government**.

INCOME PRODUCING

- ▶ The property must be an income producing at the end of the conclusion of the rehabilitation project.

Program Eligibility

FUNDING GAP

- ▶ The Applicant must prove that a project financing gap exists, and the tax credit award being considered for the project is equal or less than the project financing gap.

ECONOMIC FEASIBILITY

- ▶ The Business entity must demonstrate at time of application that without the tax credit, the rehabilitation project is not economically feasible.

Program Eligibility

PROJECT EQUITY

- ▶ Rehabilitation project must include business entity contributed equity of at least 20 percent of the Total Cost of Rehabilitation.
- ▶ **Exception:** If a rehabilitation project is located in a government-restricted municipality, the equity shall be at least 10 percent of the Total Cost of Rehabilitation.

COMMENCEMENT OF CONSTRUCTION

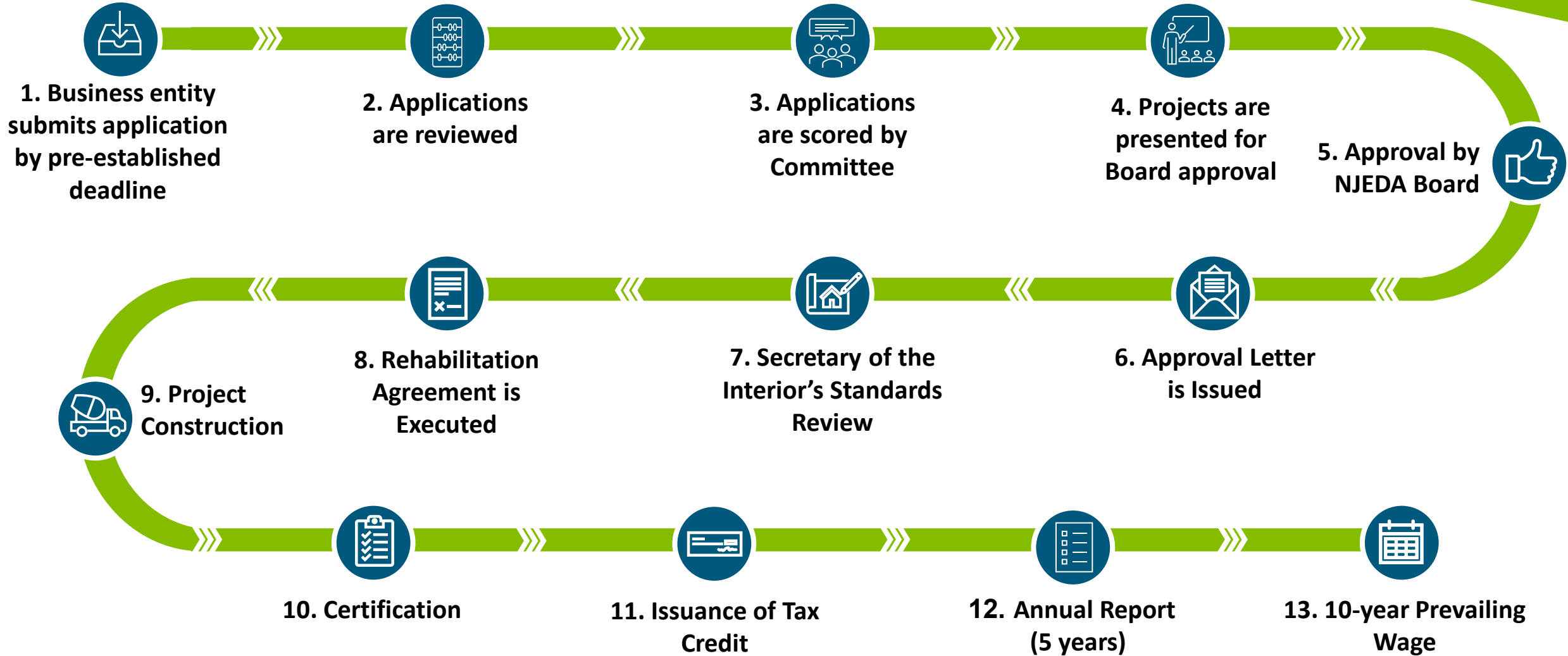
- ▶ The business entity has not commenced any construction or rehabilitation activity at the site of the rehabilitation project prior to submitting an application.
- ▶ The business entity will not commence any construction activity until the execution of the Rehabilitation Agreement.

Program Eligibility

RESIDENTIAL PROJECT REQUIREMENTS

- ▶ For a residential project, the structure must serve a residential rental purpose and contain at least four dwelling units.
- ▶ A rehabilitation project consisting of newly-constructed residential units must reserve at least 20 percent of the residential units constructed for occupancy by low- and moderate-income households with affordability controls.

General Project Timetable



HPRP & Federal HTC's

FEDERAL TAX CREDITS

Although the HPRP is designed to work with the Federal Tax Credit, there are some notable differences:

- ▶ Program is **competitive** and applications are only accepted during open application periods
- ▶ **Historic Designation** is required prior to applying
- ▶ Project must show that a **financing gap** exists
- ▶ Applicant must demonstrate that the project is not **economically feasible** without the credit
- ▶ **Tax credit amounts are capped** depending on project type and location

Award Size

TAX CREDITS



40 percent of the cost of rehabilitation up to a maximum of **\$4 million**, for rehabilitation projects NOT located within a qualified incentive track or a government-restricted municipality



45 percent of the cost of rehabilitation up to a maximum of **\$8 million**, for rehabilitation projects located within a **qualified incentive tract** or a **government-restricted municipality**



45 percent of the cost of rehabilitation up to a maximum of **\$50 million** for rehabilitation projects that include a **transformative property**

* Award size is based on the cost of rehabilitation (eligible costs)

Certified Local Governments

ROLE OF CERTIFIED LOCAL GOVERNMENTS

- ▶ **Identification of Resources**
 - Potential applicants may reach out with requests for evaluation and identification
 - There may be an increase in inquiries for review of properties
- ▶ **Confirmation/Validation of Existing Identification**
 - Potential applicants may request written validation of “historic” status

BENEFITS TO CERTIFIED LOCAL GOVERNMENTS

- ▶ **Local designation process**
 - Designation process is faster than NJ and National Register listings
- ▶ **Local Community Knowledge**
 - Local knowledge of projects and ability to communicate faster and more effectively with persons/groups considering rehabilitation projects in your community

Additional Program Information

NJEDA HPRP WEBPAGE

The NJEDA's HPRP webpage (www.njeda.gov/historic-property-reinvestment-program/) contains general Program information along with the following additional items:

- ▶ Eligibility Self-Assessment Tool
- ▶ Sample Application
- ▶ Application Checklist
- ▶ Application Required Forms
- ▶ Frequently Asked Questions
- ▶ Mapping Assistant Tool
- ▶ Program Rules
- ▶ Scoring Criteria
- ▶ Reasonable and Appropriate Return on Investment
- ▶ Questions & Answers- Responses to questions received during an open application window will be posted here

If you have any questions or would like to be added to our mailing list, contact us at HistoricTaxCredit@njeda.gov.