



NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

**new jersey**

**Highly educated, perfectly located.**

## Real Estate Impact Fund - Private Component

---

For profit and non-profit developers and business entities with demonstrated experience in successfully completing real estate development projects may be eligible for financing of up to \$3 million for costs associated with projects located within Targeted Areas, as noted below.

The goal of the fund is to support and foster 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. The Impact Fund will advance economic development by supporting projects consistent with local redevelopment plans or strategies, attract private investment, and by creating or retaining jobs.

### Eligible Projects:

Small and mid-size real estate development projects, including: mixed-use (residential and minimum 20% commercial); retail; office; industrial; entertainment venues; associated parking garage structures; and/or land acquisition/assemblages. Total project cost should typically not exceed \$15 million. Projects can be either new construction or substantial rehabilitation (defined as rehabilitation costs equaling not less than 50% of the value of the property after rehabilitation (excluding land value)).

Residential only projects are ineligible.

### Targeted Areas:

[Projects must be located in either an Urban Aid Municipality, defined as a municipality qualified to receive assistance under P.L. 1978, c.14 \(N.J.S.A. 52:27D-178 et seq.\);](#) or within Fort Monmouth or be a New Jersey university/college sponsored project that is a public-private partnership that promotes emerging technologies or industries.

### Available Financing:

- Minimum loan amount of \$250,000
- Maximum loan amount of \$3,000,000
- Loan shall not exceed 25% of total project costs. Total public (federal, state and/or local government) funding cannot exceed 50% of total project costs.

# Real Estate Impact Fund - Private Component

## Job Creation:

Loan proceeds can be used for eligible project development costs, which include:

- Property acquisition and assembly;
- Demolition and site clearance;
- Environmental investigation and remediation;
- Pre-development costs;
- On-site infrastructure;
- General construction and/or rehabilitation; and
- Associated soft development expenses

## Financing Instruments:

- Security/Subordination – the Loan shall be secured by a mortgage; the Authority will subordinate its lien position to other project bank debt;
- Additional – second assignment of all leases, as applicable

## Loan Term:

- Term: Maximum 10 years, commencing upon construction completion;
- Loan due at earlier of refinancing, sale of property, ownership change/transfer (“Liquidity Event”), or end of loan term.

## Owner Equity:

- Applicant must provide Owner Equity equal to a minimum of 10% of total project costs and must match Impact Fund investment 1:1; Owner Equity shall not include grants or developer fee.

## Rates, Repayment & Participating Mortgage Loan Structure:

- Interest rate: 3%
- Payment on accrued interest shall be made from the project’s net cash flow, after payment of all project debt, based on loan percentage in relation to the percentage of total equity contributed by the applicant at the time of project completion, issuance of a permanent certificate of occupancy and submission of the final project. However, in no event shall the actual total equity contributed by the applicant to the project be less than what was presented at the time of approval of the loan.
- If net cash flow is insufficient to pay interest only, then any unpaid interest shall accrue and be added to the outstanding principal balance.
- If the percentage of net cash flow is in excess of the current interest, then the payment shall first be applied to accrued interest, if any, and then to reduce outstanding principal.
- At approval, the Board shall determine the Effective Rate of the loan, which shall range between 3 – 10%, determined by the economic feasibility and the need of the loan for the project.
- All unpaid or deferred interest payments and principal plus amount equal to Effective Rate shall be due in full at end of the loan term or at a Liquidity Event.

# Real Estate Impact Fund - Private Component

---

## Fees\*:

- Application fee: \$2,500
- Commitment fee: 0.875% of loan amount
- Closing fee: 0.875% of loan amount
- Applicants will reimburse NJEDA for any third party fees (e.g. appraisals, market studies, etc.) as necessary, prior to Board approval
- Loan modification fees apply.

*\* Fees are non-refundable.*

**Please review the application checklist prior to submitting your application to ensure that all required information has been provided.**

[Application](#)

[Application Checklist](#)