

Memorandum

March 20, 2017

To: New Jersey Economic Development Authority

From: Will Irving, Rutgers University

Re.: Project Update – Grow NJ and ERG Analysis

This memorandum summarizes current work under Rutgers' agreement with NJEDA for an analysis of the Grow New Jersey and ERG tax incentive programs. Based on the original agreement, as well as subsequent discussions with NJEDA, the work performed by Rutgers' has five main objectives/tasks, some of which overlap.

Objectives/Tasks:

- 1) Provide a collation of data on Grow New Jersey and ERG awards, giving details on award amounts, estimated and actual employment and capital investment, spatial distribution of projects, and other key project data. These data are intended to provide general background on the size and geographic distribution of awards.
- 2) Review and analyze Grow NJ and ERG awards and award parameters (e.g., bonus categories) and offer observations and/or recommendations regarding the efficiency and effectiveness of programs.
- 3) Respond to NJEDA requests for input and recommendations on Grow NJ and ERG award parameters and proposed changes as they arise.
- 4) Provide guidelines for a conservative benefit-cost analysis framework. Examine and test benefit-cost analysis parameters.
- 5) Evaluate benefit calculations for ERG awards using an alternate impact model for comparison to EDA model estimates.

Progress to Date:

Objective 1:

The collation of data for each program to date are provided in Attachment A. Data are provided in tabular and/or graphic form with brief explanatory text where relevant. Collation categories will be revised and expanded based on discussions with EDA to provide the most relevant and useful data.

Objective 2:

Attachment B provides a summary of a preliminary review of a subset of Grow NJ awards. This data will be updated to reflect new and withdrawn projects, and will be further analyzed in terms of the significance of bonus categories and other parameters. Alternative award and bonus structures will be tested. Awards will be examined in a benefit-cost framework (e.g., how small a percentage of the benefit (i.e., tax revenues) generated by Grow NJ-awarded projects could be attributed to the awards and still keep the program at a “breakeven” level?).

Objective 3:

Rutgers staff have engaged in several meetings and discussions with NJEDA and JLL regarding the current parameters of the benefit-cost model used in evaluating the economic impacts of awards. Most recently, Rutgers offered comments and recommendations on the draft of proposed changes to the benefit-cost model approved by the NJEDA Board in December 2016.

Objective 4:

This portion of the analysis will continue to progress for both programs through the period of the agreement. In particular, recommendations will be made that aim to ensure that the benefit-cost analysis applied to awards is conservative in its assumptions and consistent with accepted practice for benefit-cost analyses. The analysis will examine the 110% breakeven threshold used for award approvals, its sensitivity to changes in values used in benefit-cost calculations, and the implications of these parameters for metrics such as cost per job created/retained. Alternative assumptions and scenarios for the benefit-cost analyses will be tested.

Objective 5:

Work has not yet begun on this task, but will focus on verifying the benefit calculations used in assessing ERG awards.

Attachment A

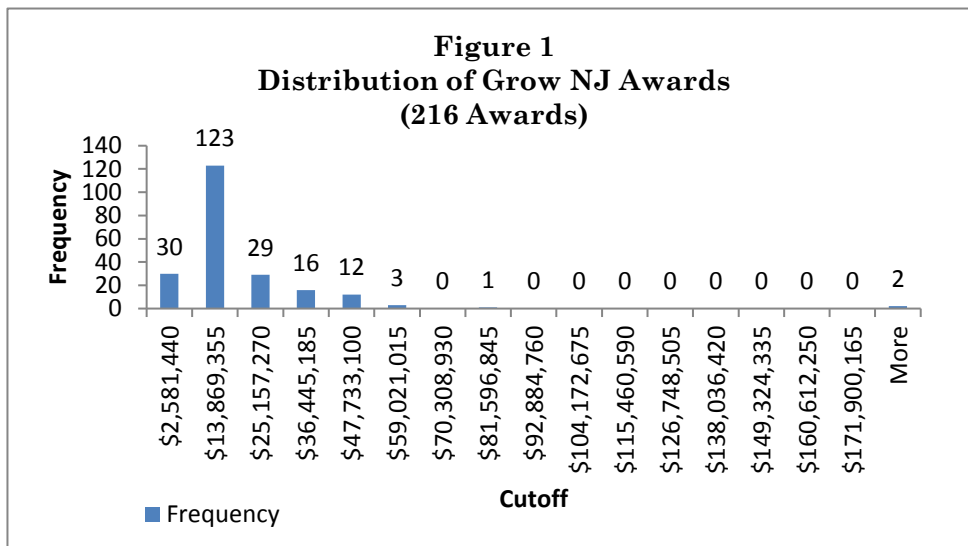
Collation of Grow New Jersey and ERG Awards

I. Summary of Grow New Jersey Awards

A. Distribution of Grow New Jersey Awards by Amount

As of March 2017, there were a total of 224 approved, active Grow New Jersey awards. Of those awards, eight were calculated under special guidelines for certain awards in Camden City, and therefore are collated separately from the remaining 216 awards.

The 216 awards considered here totaled nearly \$3.0 billion, with an average of \$13.9 million and a median of \$7.5 million. The higher average relative to the median indicates several very large awards at the top of the distribution. The distribution of these awards is shown in Table 1 and Figure 1. Awards ranged from approximately \$500,000 (\$50,000 per year for a ten-year award) to almost \$225 million (\$22.5 million annually for ten years).

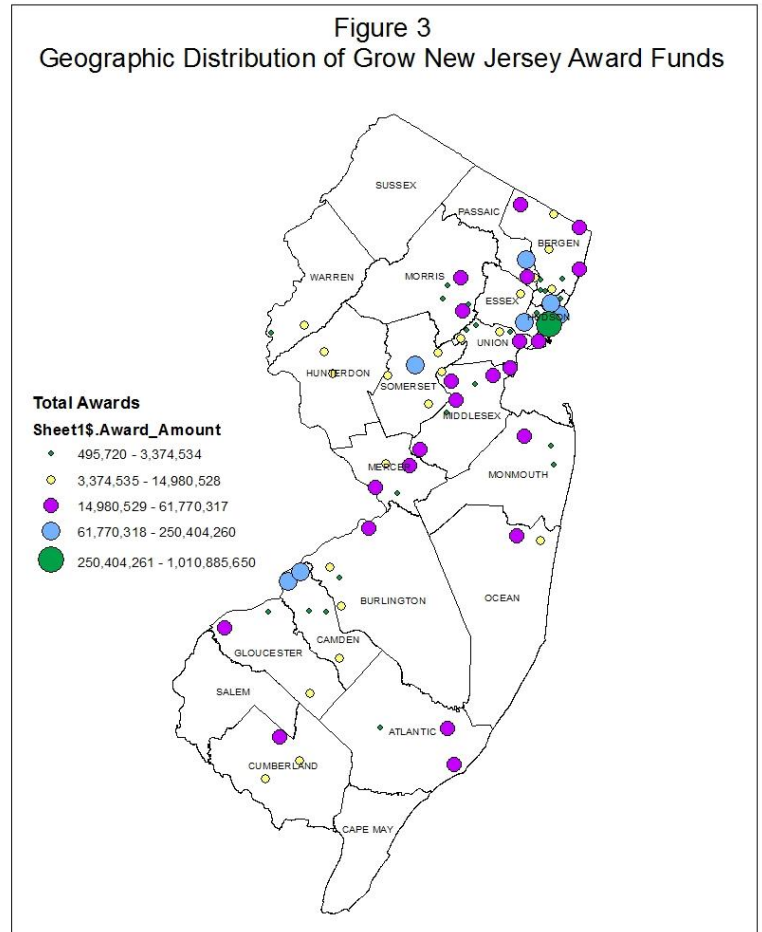
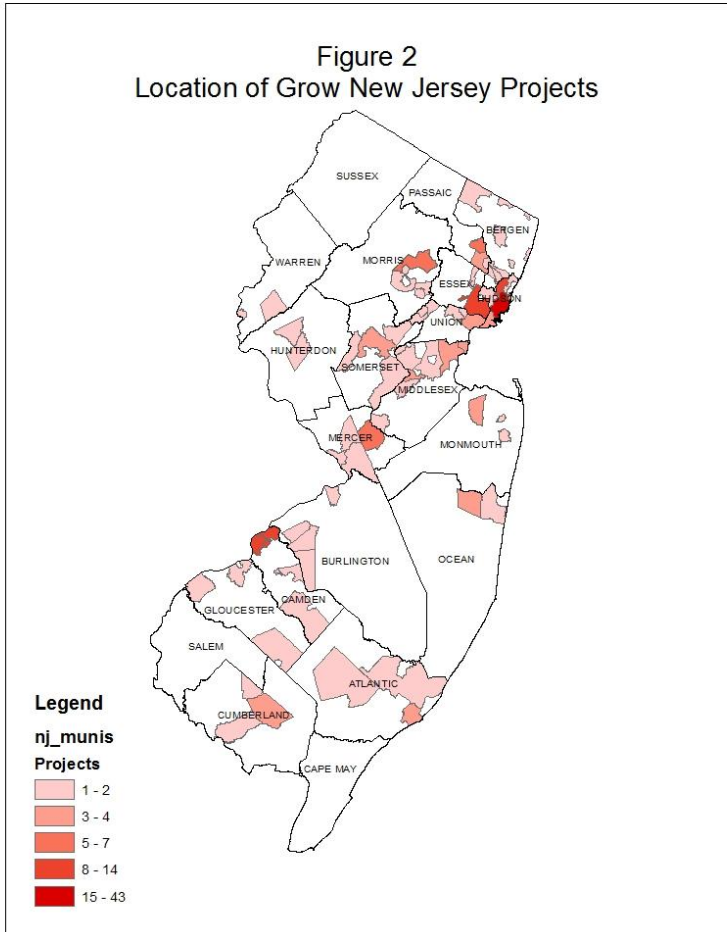


Award Cutoff	Frequency
\$2,581,440	30
\$13,869,355	123
\$25,157,270	29
\$36,445,185	16
\$47,733,100	12
\$59,021,015	3
\$70,308,930	0
\$81,596,845	1
\$92,884,760	0
\$104,172,675	0
\$115,460,590	0
\$126,748,505	0
\$138,036,420	0
\$149,324,335	0
\$160,612,250	0
\$171,900,165	0
More	2

Average	\$13,86,9355
Median	\$7,518,750
Minimum	\$495,720
Maximum	\$39,875,000

B. Geographic Distribution of Grow New Jersey Awards and Award Funds

The geographic distribution of Grow New Jersey awards is shown in Figure 2, with the distribution of award dollars shown in Figure 3. Table 3 provides the listing of awards and award dollars (total awards over full term) by municipality and county. The highest concentration of awards in terms of number and funds was in Hudson County, which had 63



projects (nearly 30% of the total) with potential total awards of \$1.29 billion, or 43% of the \$3.0 billion total for the 216 awards. Most of these projects are concentrated in Jersey City, with 43 awards totaling \$1 billion. These include two awards to J.P. Morgan totaling \$412.6 million – over 40% of the total awards in the city.

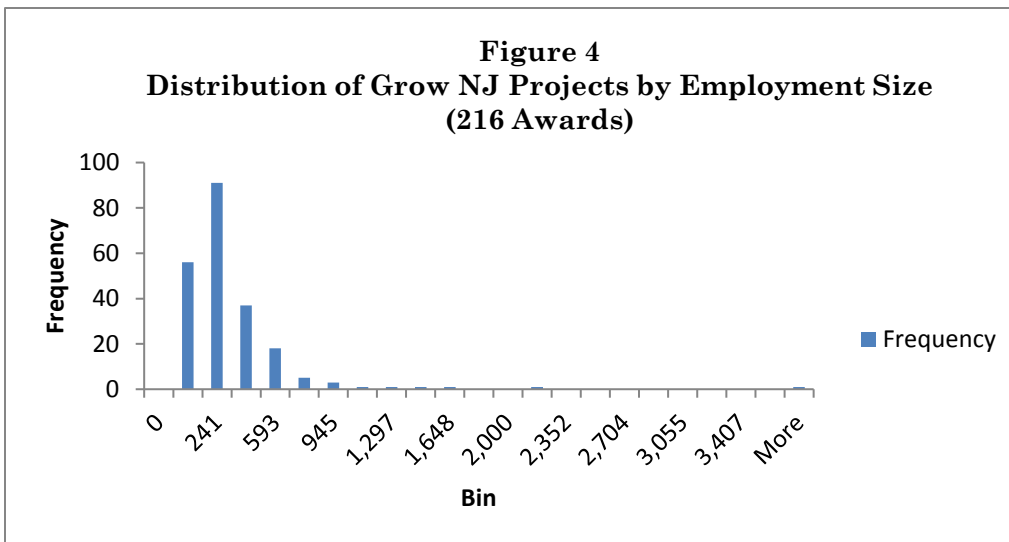
Table 3
Grow New Jersey Awards and Total Award Amounts by Municipality/County

County	Municipality	# of Projects	Total Awards (\$)
Atlantic	Atlantic City	3	54,711,065
	Galloway Township	1	29,810,000
Atlantic Total		4	84,521,065
Bergen	Carlstadt	1	4,950,000
	East Rutherford	1	975,000
	Englewood Cliffs	1	38,000,000
	Mahwah	2	29,056,960
	Montvale	2	14,513,750
	Northvale Borough	1	24,650,000
	Paramus	2	9,243,750
	Ridgefield Park	1	495,720
	Rutherford	1	1,625,000
	Wallington	1	3,000,000
	Woodcliff Lake	1	4,180,000
Bergen Total		14	130,690,180
Burlington	Evesham	1	14,000,000
	Florence	2	50,282,030
	Moorestown	1	9,690,000
	Mount Laurel	1	3,368,140
Burlington Total		5	77,340,170
Camden	Camden	14	186,217,750
	Pennsauken	11	78,672,480
	Somerdale	1	1,758,500
	Voorhees	1	850,000
	Winslow Twp.	2	8,137,500
Camden Total		29	275,636,230
Cumberland	Deerfield	1	28,125,000
	Millville	2	10,987,370
	Millville City	1	1,600,000
	Vineland	2	11,212,500
	Vineland City	2	17,270,000
Cumberland Total		8	69,194,870
Essex	Bloomfield	2	8,238,270
	Newark	10	183,854,060
Essex Total		12	192,092,330
Gloucester	Glassboro	3	21,965,000
	Logan	1	23,430,000
	West Deptford	1	3,282,500
Gloucester Total		5	48,677,500
Hudson	Bayonne	3	22,425,000
	Hoboken	5	137,535,050
	Jersey City	43	1,010,885,650
	Kearny	1	3,195,000
	North Bergen	1	2,200,000
	Secaucus	10	114,647,500
Hudson Total		63	1,290,888,200
Mercer	Hamilton	1	3,000,000
	Lawrence	1	1,900,000
	Lawrence Township	1	3,330,000
	Trenton	2	52,575,760
	West Windsor	5	34,179,000
Mercer Total		10	94,984,760

Middlesex	Carteret	3	45,160,000
	Edison	1	2,108,710
	Middlesex	1	1,141,840
	New Brunswick	4	35,961,250
	North Brunswick	1	3,240,000
	Piscataway	1	51,536,000
	Plainsboro	2	18,980,000
	Woodbridge	4	28,884,520
Middlesex Total		17	187,012,320
Middlesex and Somerset	Middlesex and Bridgewater	1	11,486,250
Middlesex and Somerset Total		1	11,486,250
Monmouth	Eatontown	1	2,135,000
	Holmdel	3	58,028,340
	Red Bank	1	2,660,000
Monmouth Total		5	62,823,340
Morris	Florham Park	1	2,430,000
	Madison	1	58,284,000
	Morris	1	2,205,000
	Morris Plains	1	2,730,000
	Parsippany	1	3,120,550
	Parsippany-Troy Hills	4	21,735,060
Morris Total		9	90,504,610
Ocean	Brick	1	4,101,250
	Lakewood	3	37,001,250
Ocean Total		4	41,102,500
Passaic	Clifton	3	31,527,500
	Passaic	1	10,325,000
	Paterson	7	120,180,000
Passaic Total		11	162,032,500
Passaic/Essex	Clifton/Nutley	1	16,937,500
Passaic/Essex Total		1	16,937,500
Somerset	Bridgewater	4	66,481,000
	Franklin	2	5,712,500
	Somerset	1	2,865,000
	Warren	1	10,212,500
Somerset Total		8	85,271,000
Somerset/Bergen	Branchburg/Teterboro	1	10,254,300
Somerset/Bergen Total		1	10,254,300
Union	Berkeley Heights	1	3,656,000
	Elizabeth	3	45,200,000
	Hillside	1	2,600,000
	New Providence	1	3,200,000
	Summit	1	3,150,000
	Union Township	1	5,475,000
Union Total		8	63,281,000
Warren	Phillipsburg	1	1,050,000
Warren Total		1	1,050,000
Grand Total		216	2,995,780,625

C. Distribution of Employment

The 216 projects described in this section are estimated to create 26,594 new jobs and retain 25,542 existing jobs associated with the funded projects. The average award cost per jobs is approximately \$6,348.¹ The majority of projects are expected to create or retain between 65 and 600 jobs (Figure 4), with some large scale outliers, and the geographic distribution of project employment is similar to that of total projects and awards (Figure 5, Table 5).



Employment	Frequency
0	0
65	56
241	91
417	37
593	18
769	5
945	3
1,121	1
1,297	1
1,473	1
1,648	1
1,824	0
2,000	0
2,176	1
2,352	0
2,528	0
2,704	0
2,880	0
3,055	0
3,231	0
3,407	0
3,583	0
More	1

¹ These data combine the award per job for new and retained jobs, and include awards based on the 90% withholding limit, as well as the statutorily calculated amount. Per-job awards for retained jobs are generally assessed at 50% of the full award calculation for new jobs. Moving forward, as award calculations are validated as part of the analysis, data on new and retained jobs will be examined in more detail.

Figure 5
Geographic Distribution of Grow NJ Employment

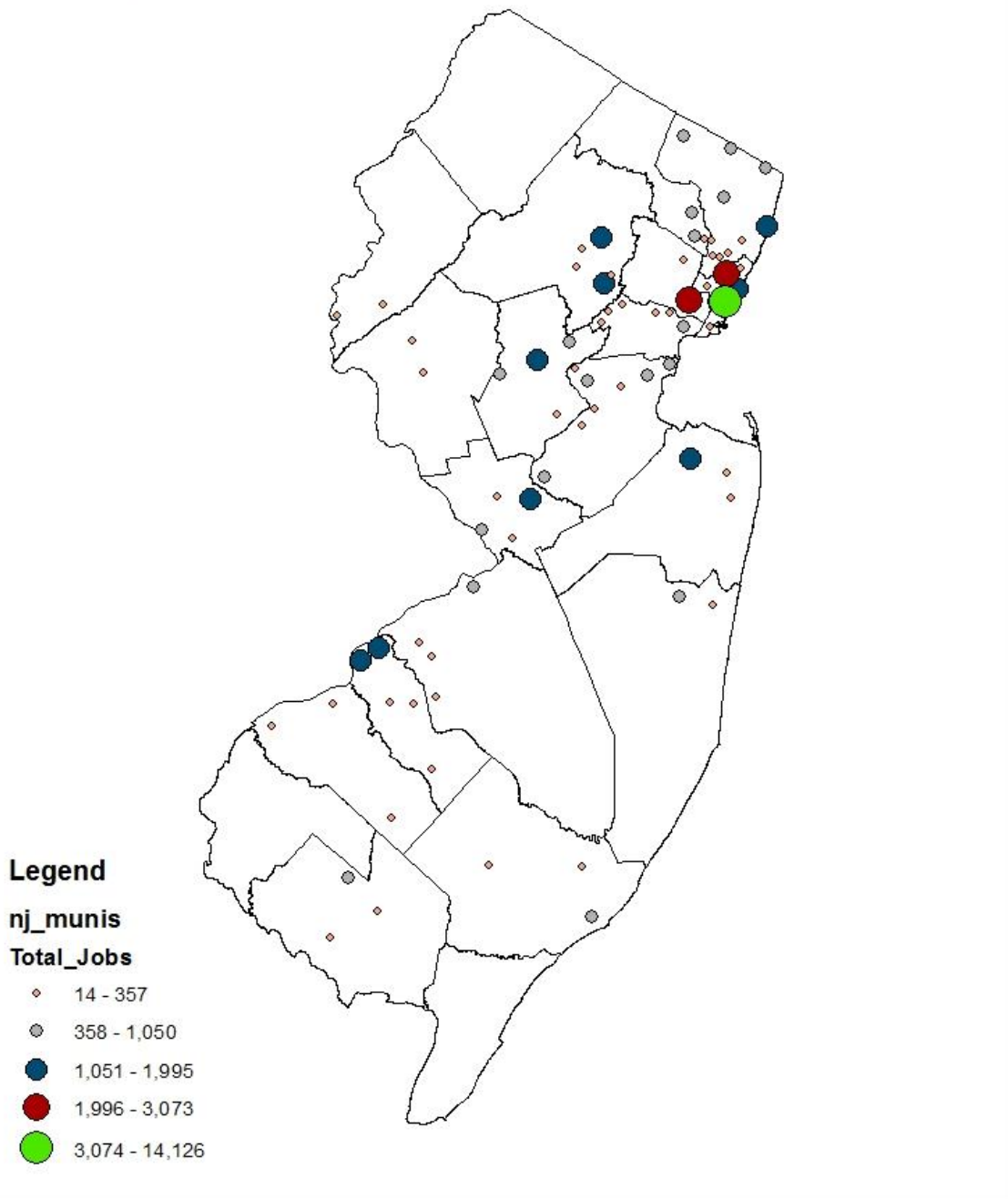


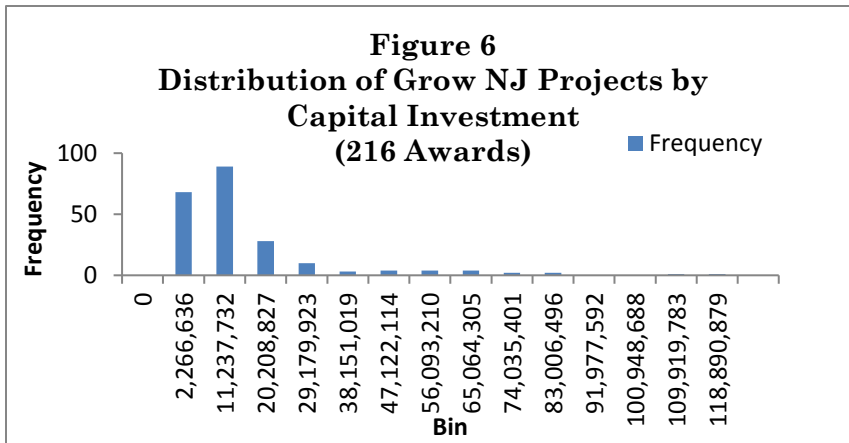
Table 5
Grow New Jersey Project Employment Municipality/County

County	Municipality	New Jobs	Retained Jobs	Total Jobs
Atlantic	Atlantic City	370	210	580
	Galloway Township	271	0	271
Atlantic Total		641	210	851
Bergen	Carlstadt	110	0	110
	East Rutherford	0	30	30
	Englewood Cliffs	0	1,600	1,600
	Mahwah	72	403	475
	Montvale	0	751	751
	Northvale Borough	181	318	499
	Paramus	82	329	411
	Ridgefield Park	102	0	102
	Rutherford	50	0	50
	Wallington	44	112	156
Woodcliff Lake	15	179	194	
Bergen Total		656	3,722	4,378
Burlington	Evesham	350	0	350
	Florence	300	641	941
	Moorestown	191	74	265
	Mount Laurel	60	175	235
Burlington Total		901	890	1,791
Camden	Camden	473	1,079	1,552
	Pennsauken	733	703	1,436
	Somerdale	11	70	81
	Voorhees	10	20	30
	Winslow Twp.	78	61	139
Camden Total		1,305	1,933	3,238
Cumberland	Deerfield	60	380	440
	Millville	73	125	198
	Millville City	16	0	16
	Vineland	15	221	236
	Vineland City	197	70	267
Cumberland Total		361	796	1,157
Essex	Bloomfield	92	204	296
	Newark	1,333	1,714	3,047
Essex Total		1,425	1,918	3,343
Gloucester	Glassboro	201	241	442
	Logan	125	176	301
	West Deptford	36	29	65
Gloucester Total		362	446	808
Hudson	Bayonne	280	0	280
	Hoboken	1,380	615	1,995
	Jersey City	9,902	4,224	14,126
	Kearny	35	72	107
	North Bergen	55	0	55
	Secaucus	1,019	2,054	3,073
Hudson Total		12,671	6,965	19,636
Mercer	Hamilton	50	0	50
	Lawrence	40	0	40
	Lawrence Township	86	50	136
	Trenton	171	259	430
	West Windsor	419	707	1,126
Mercer Total		766	1,016	1,782
Middlesex	Carteret	505	0	505
	Edison	25	107	132

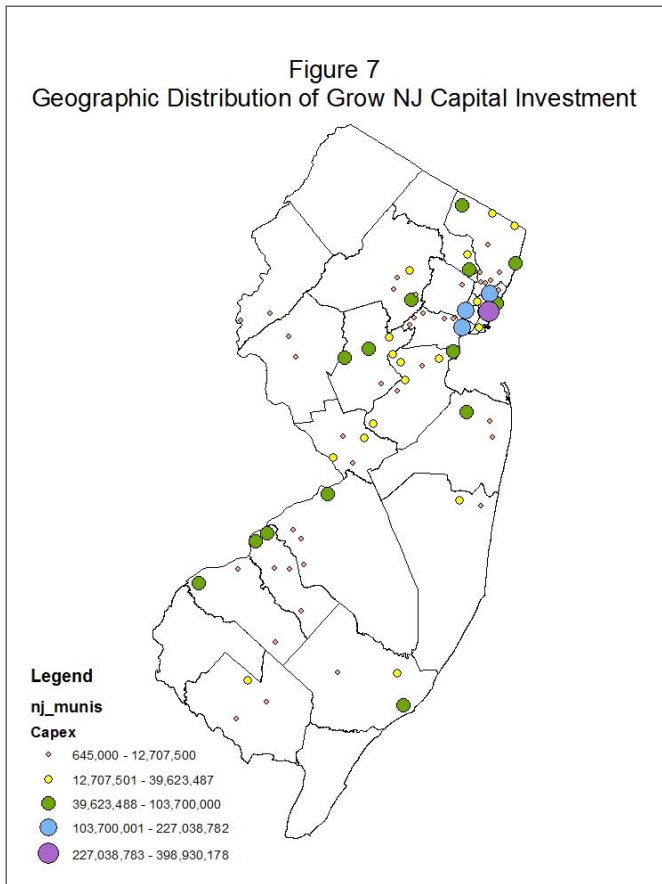
	Middlesex	0	56	56
	New Brunswick	328	29	357
	North Brunswick	48	0	48
	Piscataway	1,050	0	1,050
	Plainsboro	160	602	762
	Woodbridge	417	276	693
Middlesex Total		2,533	1,070	3,603
Middlesex and Somerset	Middlesex and Bridgewater	50	241	291
Middlesex and Somerset Total		50	241	291
Monmouth	Eatontown	36	50	86
	Holmdel	737	706	1,443
	Red Bank	50	90	140
Monmouth Total		823	846	1,669
Morris	Florham Park	45	0	45
	Madison	300	1,019	1,319
	Morris	41	44	85
	Morris Plains	29	98	127
	Parsippany	44	123	167
	Parsippany-Troy Hills	177	943	1,120
Morris Total		636	2,227	2,863
Ocean	Brick	61	71	132
	Lakewood	310	495	805
Ocean Total		371	566	937
Passaic	Clifton	303	259	562
	Passaic	70	0	70
	Paterson	288	583	871
Passaic Total		661	842	1,503
Passaic/Essex	Clifton/Nutley	271	0	271
Passaic/Essex Total		271	0	271
Somerset	Bridgewater	927	783	1,710
	Franklin	59	53	112
	Somerset	35	121	156
	Warren	337	143	480
Somerset Total		1,358	1,100	2,458
Somerset/Bergen	Branchburg/Teterboro	60	464	524
Somerset/Bergen Total		60	464	524
Union	Berkeley Heights	75	100	175
	Elizabeth	482	0	482
	Hillside	20	25	45
	New Providence	55	50	105
	Summit	45	0	45
	Union Township	52	115	167
Union Total		729	290	1,019
Warren	Phillipsburg	14	0	14
Warren Total		14	0	14
Grand Total		26,594	25,542	52,136

D. Distribution of Capital Expenditures

Eligible capital investments associated with the 216 projects described in this section total \$2.4 billion. The average project capital investment is \$11.2 million; over half the projects have capital investment of under \$5 million, with the high average driven by a number of high capital investment projects ranging as high as \$116 million (Figure 6 and Table 6). As shown in Figure 7, the geographic distribution is similar to that of total projects, award funds and employment.



Capital Investment Cutoff	Frequency
0	0
2,266,636	68
11,237,732	89
20,208,827	28
29,179,923	10
38,151,019	3
47,122,114	4
56,093,210	4
65,064,305	4
74,035,401	2
83,006,496	2
91,977,592	0
100,948,688	0
109,919,783	1
118,890,879	1



E. Completed/Certified Grow NJ Projects

As of 2016, 15 Grow New Jersey projects had reported new and/or retained jobs and received tax credits in accordance with their awards. One project received a credit in 2014, with an additional 12 receiving credits in 2015 (a total of 13). Two additional projects received credits in 2016; however, seven of those that received credits in 2015 have yet to report jobs or receive a certified credit for 2016. The 15 projects with certified employment that have received credits are listed in Table 7 (see next page).

The 15 projects have total potential awards of \$232.4 million over 10 years. Of the projects with certified results, four were in Camden County (all in Camden City) and eight were in Hudson County (seven in Jersey City).

The 13 projects with certified employment in 2015 were projected to create 1,030 new jobs and to retain 733 at-risk jobs.² The certification data indicates that these targets were met, with 1,039 new jobs and 733 retained jobs. Certified median salaries for these jobs ranged from \$33,400 to \$150,000. Credits totaled \$12.4 million and ranged from \$285,000 to \$4.1 million, with the average credit per job (combined new and retained) ranging from \$2,347 to \$14,296.

The eight projects with certified credits and employment in 2015 created a total of 1,437 new jobs, retaining 903 at-risk jobs. The new jobs were close to the projected 1,494 for these projects, and the 903 retained jobs equaled the projection. Credits totaled \$19.7 million and ranged from \$285,000 to \$7.3 million, with the average credit per job (combined new and retained) ranging from \$2,311 to \$15,088.

² There was one certified project in 2014: Webimax reported 21 new jobs created and 50 retained, receiving a credit of \$603,500.

**Table 7
Projects with Certified Employment and Award Credits**

EOA Grow NJ					2015				2016			
Project	Municipality	County	Award Amount	Term (Yrs)	Jobs Reported		Certified Median Salary	Certified Credit Amount	Jobs Reported		Certified Median Salary	Certified Credit Amount
					New	Retained			New	Retained		
WebiMax LLC	Camden	Camden	\$6,035,000	10	22	50	\$40,000	\$603,500	8	50	\$41,063	\$493,000
Cooper Health System	Camden	Camden	\$39,990,000	10	35	353	\$50,132	\$4,059,000	89	353	\$51,990	\$4,444,000
Plastics Consulting and Manufacturing Company, Inc.	Camden	Camden	\$3,920,000	10	8	20	\$36,050	\$392,000	8	20	\$39,006	\$392,000
Contemporary Graphics and Bindery, Inc. and Affiliates	Camden	Camden	\$33,900,000	10					56	170	\$27,040	\$3,410,000
Eltman Law, P.C.	Jersey City	Hudson	\$5,600,000	10	71	-	\$46,500	\$497,000				
First Data Corporation	Jersey City	Hudson	\$5,920,000	10	74	-	\$150,000	\$592,000				
Forbes Media LLC & Forbes Media Holdings LLC	Jersey City	Hudson	\$24,722,500	10	324	-	\$76,500	\$2,472,250	344	-	\$80,000	\$2,472,250
Insight Catastrophe Group, LLC	Jersey City	Hudson	\$2,480,000	10	26	-	\$90,903	\$208,000				
Northern Leasing Systems, Inc.	Jersey City	Hudson	\$7,130,000	10	127	-	\$66,603	\$713,000				
Principis Capital LLC	Jersey City	Hudson	\$3,875,000	10	38	0	\$51,697	\$285,000	38	0	\$51,041	\$285,000
RBC Capital Markets, LLC	Jersey City	Hudson	\$73,237,500	10					837	-	\$160,013	\$7,323,750
Patella Construction Corp.	Passaic City	Passaic	\$10,325,000	10	71	-	\$56,663	\$1,015,000				
Interpool, Inc. d/b/a TRAC Intermodal	Plainsboro	Middlesex	\$8,800,000	10	65	310	\$60,886	\$880,000	57	310	\$68,513	\$848,000
Jacmel Jewlery, Inc.	Secaucus	Hudson	\$3,000,000	10	77	-	\$22,859	\$300,000				
Univision Communications Inc. and Subsidiaries	Vineland	Cumberland	\$3,500,000	10	101	-	\$33,400	\$350,000				
15 projects			\$232,435,000		1,039	733		\$12,366,750	1,437	903		\$19,668,000

F. Camden Exceptions

There are eight projects in Camden which received awards under the Grow New Jersey incentive, but with those awards determined by the project's eligible capital investment, rather than by the per-job award calculation. These eight projects have total awards of approximately \$1.1 billion over 10 years, roughly equal to their total capital investment. Because the standard award calculation is not applied to these projects, they have thus far not been included in the analysis of benefit-cost calculations, nor can their cost per job be reviewed in the same way. If requested, based on further discussion with EDA, these projects may be further analyzed under separate parameters. The projects are listed in Table 8.

Table 8
Grow NJ Camden Exception Awards

Project	Award	Term	Eligible Capital Investment	New Jobs	Retained Jobs
ACTEGA North America, Inc.	\$40,000,000	10	\$40,882,760	21	79
Philadelphia 76ers, L.P.	\$82,040,507	10	\$82,040,507	250	0
American Water Works Company, Inc.	\$164,187,735	10	\$165,689,476	100	596
EMR Eastern LLC and affiliates	\$148,589,900	10	\$148,589,900	285	62
Lockheed Martin Corporation	\$107,000,000	10	\$146,379,719	0	250
Holtec International	\$260,000,000	10	\$260,000,000	235	160
Subaru of America, Inc.	\$117,832,868	10	\$117,832,868	100	500
Resintech, Inc.	\$138,817,600	10	\$150,217,500	173	92

II. Summary of ERG Awards

As of March 2017, there were a total of 45 approved, active commercial and residential ERG awards (10 commercial and 35 residential), totaling 867.8 million in awards for projects with aggregate estimated eligible capital investment of 3.5 billion.

A. Commercial Projects

The 10 approved commercial projects total over \$1.5 billion in total eligible capital investment, with a total of \$301.6 million in award financing, with awards ranging from \$2.2 million to \$223.3 million. Awards range from under 10% to over 30% of the total capital investment required for the project; all awards are paid over a 20-year term. These 10 projects are shown in Table 9.

Table 9
ERG Commercial Awards

Project	Muni	County	Award Amount	Award Share of Eligible Capital Investment	Total Eligible Capital Investment	New Jobs	Estimated Construction Jobs
Sayreville Seaport Associates L.P.	Sayreville	Middlesex	\$223,277,590	20.0%	\$1,116,387,952	3,900	5,425
Hotel 1160, L.L.C. or Affiliate	Newark	Essex	\$6,638,580	30.3%	\$21,888,600	30	105
Tropicana Atlantic City Corporation	Atlantic City	Atlantic	\$4,849,075	14.5%	\$33,500,000	61	228
Makers Villiage, QALICB,LLC	Newark	Essex	\$2,214,192	9.5%	\$23,344,425	78	11
East Grand Associates Urban Renewal Entity, LLC	Elizabeth	Union	\$4,794,204	30.0%	\$15,980,681	90	71
CDIP - Paulsboro Summit, LP	Paulsboro	Gloucester	\$1,268,968	27.6%	\$4,595,305	66	100
One Journal Square Partners Urban Renewal Company, LLC	Jersey City	Hudson	\$34,000,000	17.2%	\$197,422,908	120	325
Advance at Harrison, LLC	Harrison	Hudson	\$10,385,031	27.4%	\$37,871,157	48	176
DVL, Inc.	Kearny	Hudson	\$9,590,284	20.0%	\$47,951,422	150	393
30 West Pershing, LLC	Edison	Middlesex	\$4,579,282	15.9%	\$28,840,939	268	260
10 projects			\$301,597,206	19.7%	\$1,527,783,389	4,811	7,094

The analysis of these awards will focus on the net benefit test, which is intended to demonstrate whether the direct and indirect tax revenues generated by the project (CBT, sales in the case of retail, income taxes associated with employment at the completed site) exceeds the amount of the assistance. Input-output modeling will also be used to verify estimated construction jobs (though the number of these jobs is not a component of the ERG requirements).

B. Residential Projects

There are 35 residential projects approved for financing assistance under the ERG program, with total eligible capital investment of nearly \$2 billion and total awards of \$556 million . Awards range from \$2.7 million to \$40 million in total, with eligible capital investment ranging from \$9.9 million to \$203.7 million. All have a 10-year term. The distribution by county/municipality of these projects, their eligible investment, and their ERG awards is shown in Table 10.

Table 10
ERG Awards by County/Municipality

County/Muni	# of Projects	Eligible Capital Investment	Award Amount
Atlantic	5	260,936,890	113,223,987
Atlantic City	5	260,936,890	113,223,987
Camden	5	127,490,907	47,776,013
Camden	5	127,490,907	47,776,013
Essex	9	494,182,045	127,786,679
East Orange	2	37,773,012	11,331,904
Newark	7	456,409,033	116,454,775
Gloucester	3	243,404,277	73,021,282
Glassboro	3	243,404,277	73,021,282
Hudson	3	394,261,587	90,065,184
Jersey City	3	394,261,587	90,065,184
Mercer	5	178,437,044	51,898,957
Ewing	1	78,838,509	15,767,702
Trenton	4	99,598,535	36,131,255
Middlesex	1	134,550,000	25,000,000
Piscataway	1	134,550,000	25,000,000
Monmouth	2	88,604,222	26,581,267
Asbury Park	1	31,861,000	9,558,300
Keansburg	1	56,743,222	17,022,967
Ocean	1	13,458,114	4,037,434
Lakewood	1	13,458,114	4,037,434
Union	1	22,643,123	6,792,937
Elizabeth	1	22,643,123	6,792,937
Total	35	1,957,968,209	566,183,740

The greatest number of projects, investment and awards is in Essex County, with seven projects in Newark eligible for awards totaling \$116 million. High levels of capital investment and awards are also found in Jersey City and Atlantic City.

C. Completed/Certified ERG Awards

To date there have been four ERG projects with certified awards. All four are residential with project terms of 20 years. They are eligible for total awards of \$74.4 million and have total capital investment of \$280.7 million. Two received reimbursement in 2015 and two in 2016, with each reimbursement equal to 10% of the total award. These projects are shown in Table 11.

**Table 11
Completed/Certified ERG Awards**

Project	Municipality	County	Award Amount	Term (Yrs)	Capital Investment (At Issuance)	Credit/Reimbursement	
						2015	2016
Broadway Associates 2010 LLC	Camden	Camden	\$13,491,661	20	\$39,583,824	\$1,349,166	
Washington Street University Housing Urban Renewal Associates, LLC	Newark	Essex	\$23,142,465	20	\$88,177,264	\$2,314,247	
PRC Campus Centers, LLC	Ewing	Mercer	\$15,767,702	20	\$79,419,971		\$1,576,770
Glassboro Mixed-Use Urban Renewal, LLC	Glassboro	Gloucester	\$22,045,806	20	\$73,495,917		\$2,204,581
4 projects			\$74,447,634		\$280,676,976	\$3,663,413	\$3,781,351

Attachment B

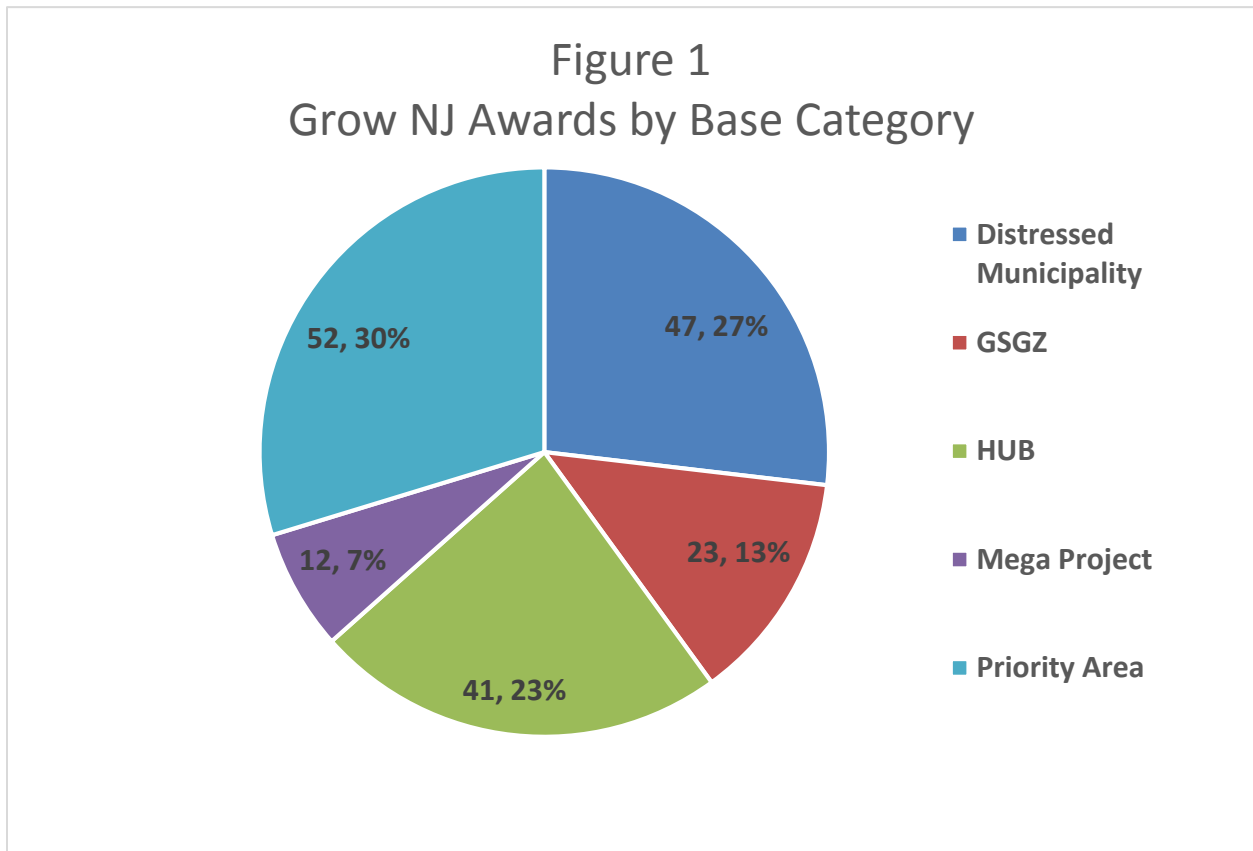
Preliminary Analysis of Grow NJ Awards

Preliminary Analysis of Grow NJ Awards

A preliminary review of a subset of 169 Grow NJ awards was conducted in order to understand the distribution of base award and bonus categories and begin establishing a framework for analysis and recommendations regarding program parameters. The 169 awards (which exclude Camden “exceptions”) totaled approximately \$2.4 billion, with an average of \$14.2 million per award. All but six awards were 10 years in duration. The projects, fully implemented, are estimated to account for nearly 22,000 new jobs and 21,000 retained jobs.

Base Award Categories

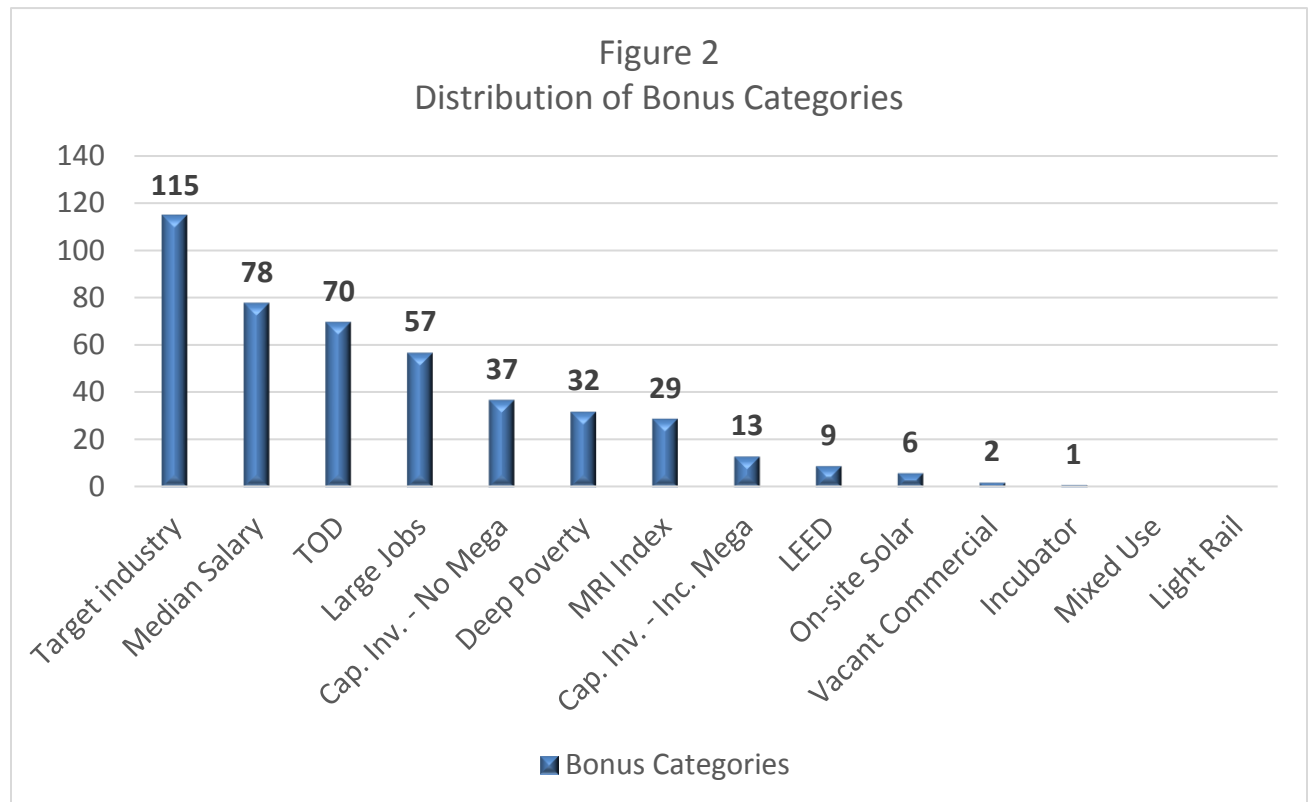
Figure 1 shows the distribution of Grow NJ awards by base category. Urban Transit Hub (HUB) and Garden State Growth Zone (GSGZ) and Mega projects have a base award of \$5,000 for each new job created, with \$4,000 for jobs in Distressed Municipalities and \$3,000 for jobs in Priority Areas (awards amounts are halved for retained jobs).



Bonus Categories

Use of Bonuses

Figure 2 shows the distribution of bonus categories for which approved projects have qualified. It is worth noting that several of the bonus types are seldom or never used. This may present some opportunity for simplification via revision, combination or elimination of certain bonuses.



We also note that there may be some issues of redundancy among bonus categories; this issue will be explored in more detail as the analysis proceeds. For example, we note that 38 of the 41 Urban Transit Hub projects (Figure 1) also qualified for the Transit-Oriented Development (TOD) bonus. These TOD bonuses account for nearly one quarter (\$145 million) of the total awards (\$616 million) for these projects. The fact that nearly every HUB award qualifies for the TOD bonus raises the question of whether the TOD bonus is nearly automatic in HUB zones – i.e., whether the same qualifying feature is rewarded twice. Further analysis will examine the possibility of modification (e.g., limiting TOD bonuses to non-HUB areas, as projects in HUB areas already benefit from the highest base award level). Similarly, all 12 Mega Projects received bonuses for creating large numbers of jobs, while such projects are defined at least in part by the creation of large numbers of jobs and qualify for the highest base award level.

As the analysis moves forward, we will examine whether more efficient award structures might be possible through modification and simplification of bonus categories.

Bonus Contribution to Total Awards

A smaller subset of 122 awards was examined to understand the extent to which bonuses contribute to total award amounts.³ This breakdown is shown in Table 1.

Table1 Bonus Share of Awards (Sample of 122 awards)						
Bonus Type	% of Award Amount	Min	Max	Number of Projects	Bonus Amount	Total Awards
All Bonuses	43.6%	0.0%	66.7%	116	\$633,650,750	\$1,452,435,750
Deep Poverty	13.8%	10.0%	23.1%	17	\$31,252,500	\$226,277,500
Vacant Commercial	16.0%	16.0%	16.0%	1	\$2,710,000	\$16,937,500
TOD	22.2%	13.3%	40.0%	51	\$180,376,000	\$811,300,750
Cap. Inv. - No Mega	35.9%	15.4%	46.2%	30	\$83,855,000	\$233,602,500
Cap. Inv. - inc. Mega	33.7%	11.1%	45.5%	9	\$60,970,000	\$180,702,500
Median Salary	8.0%	2.0%	30.0%	58	\$66,281,000	\$832,209,500
Large Jobs	12.2%	4.5%	31.6%	35	\$117,771,250	\$964,483,750
Target Industry	6.3%	3.3%	14.3%	85	\$66,500,000	\$1,062,552,500
LEED	3.3%	1.7%	6.7%	7	\$2,131,250	\$64,858,750
MRI Index	10.3%	6.7%	20.0%	20	\$21,290,000	\$206,280,000
Solar	3.3%	3.1%	4.3%	3	\$513,750	\$15,416,250
Light Rail	-	-	-	-	-	-
Incubator	-	-	-	-	-	-
Mixed Use	-	-	-	-	-	-

This preliminary snapshot presents several areas of interest for further examination:

³ Only awards for which the award estimate could be verified/duplicated through a calculation based on the base award and bonuses were included in this subset for the preliminary analysis. Moving forward, award calculations will be further clarified and all awards will be included in the analysis.

- Of the 122 awards, 116 qualified for at least one bonus, and the bonuses in total accounted for over 43% of the total value of the 122 awards. (Note that row amounts do not add to the “All Bonuses” total. Many awards receive more than one bonus. The “Total Awards” shown in the final column represent the total awards for all projects that received the given bonus on each row.)
- Some bonus categories represent significant additions to the base awards of those projects that qualify for them. The bonus for projects with capital investment over statutory thresholds adds significantly to the total award level, as does the TOD bonus, which as noted previously, may in some areas be redundant.
- The bonus for targeted industries, while applicable to a significant number of awardees, does not constitute a significant percentage of their total awards.
- Three bonus categories in the sample were unused at the time of the analysis.

Target Industry Bonuses

Bonuses for businesses in target industries (transportation, manufacturing, energy, logistics, etc.) were widespread geographically, but with high concentrations in Jersey City, where the majority of projects and large projects are located (Table 2).

Table 2 Geography of Target Industry Bonuses			
Municipality	# of Projects	New Jobs	Retained Jobs
Jersey City	21	6,073	3,592
Camden	7	216	705
Bridgewater	4	1,054	842
New Brunswick	4	328	29
Newark	4	676	511
Pennsauken	7	491	510
Secaucus	5	361	709
West Windsor	5	459	421
47 Others*	58	5,429	5,214
Total	115	15,087	12,533

Target industry bonuses by industry are shown in Table 3. The majority of target industry bonuses (67%) were in either finance or manufacturing, with projects in those industries accounting for nearly 70% of the estimated new and retained jobs associated with projects receiving the target industry bonus.

Table 3 Target Industry Bonus by Industry			
Industry	Projects	New Jobs	Retained Jobs
Energy	2	115	443
Finance	21	6,197	3,705
Health	6	668	1,379
Life Sciences	13	1,495	1,012
Logistics	4	140	549
Manufacturing	56	4,789	4,439
Technology	13	1,683	1,006
Total	115	15,087	12,533

Next Steps

The assessment of the Grow NJ program will continue to examine the structure of base awards and bonuses, focusing on whether they achieve their purpose efficiently and effectively. Potential areas for analysis/recommendation will include:

- Possible elimination of rarely used bonuses
- Redundancy of bonuses
- Possible combination of bonus categories and/or incorporation of bonus structures into existing base awards