Aspire Overview for Supportive Housing Association of New Jersey

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ECONOMIC DEVELOPMENT AUTHORITY

What is the Aspire Program?

- Established under the **Economic Recovery Act of 2020 (ERA)**
- **Successor to the Economic Recovery and Growth Program (ERG)**
- Provides tax credits to incentivize **strategic real estate projects** in New Jersey
- Awards are based on a **project financial need** calculation
- Focuses on **strengthening communities** and **creating local benefits**
- Encourages growth in **communities with greatest levels of distress**
- Supports **commercial and residential** growth, new construction AND rehab
- **Includes fiscal protections**
- Program **expires on March 1st, 2027**

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Key Features

- **Capped** with NJ Emerge at **$1.1 billion over 6 years**
  - Option to roll over unused program cap to a seventh year
- Awards up to **45 percent of project costs**
  - Up to 50 percent of project costs in a Government Restricted Municipality (GRM)
  - Up to 60 percent of project costs for new construction projects using Low Income Housing Tax Credits (LIHTC)
- **Transformative projects** with at least $100 million project costs may get tax credits up to $350 million
- Maximum **10-year eligibility period**
- Project developers must **pay prevailing wage for all construction and for building services** for the duration of the eligibility period

Projects with costs of $10 million or more must have a Community Benefits Agreement

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Award Size

Baseline tax credits available

- Tax credits equal to **45 percent of project costs up to $42 million**

Bonuses

Commercial projects in a GRM can receive tax credits **up to 50 percent of project costs** in project support

Newly constructed residential projects that are also utilizing LIHTCs can receive tax credits **up to 60 percent of project costs**

Projects using LIHTC or any other project in a Qualified Incentive Tract (QIT), GRM, or municipality with an Municipal Revitalization Index (MRI) distress score of at least 50, can receive **tax credits up to $60 million**

Eligibility

FINANCING GAP

Projects must **demonstrate a project financing gap**

- "Project financing gap" refers to the part of the total project cost, including reasonable and appropriate return on investment, that remains to be financed after all other sources of capital have been accounted for

NJEDA will determine "**reasonable and appropriate return on investment**" relying on third-party analysis of project type, scale, geography, etc.

OTHER SOURCES OF CAPITAL INCLUDE:

- **Developer-contributed capital**
- **Deferred development fees**
- **Federal tax credits (for certain purposes)**

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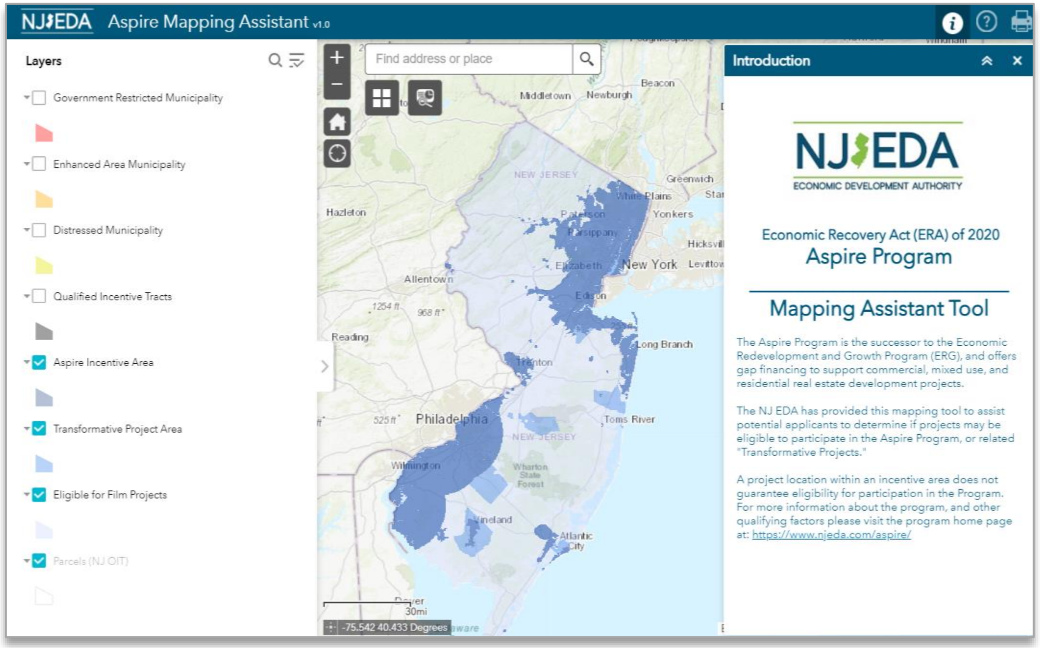
Rules clarification

Eligibility

GEOGRAPHY

Projects must be located in an Incentive Area:

- Planning Area 1
- Aviation District
- Port District
- Planning Area 2 (Suburban) or Designated Center, provided either within a half mile of a rail transit station or a high frequency bus stop



https://njeda.maps.arcgis.com/apps/webappviewer/index.html?id=b32ea4347e6a4403a36859e6ee6e5c0a

Transformative projects can also qualify if located in a GRM, Enhanced Area, or Distressed Municipality

Film projects may be located anywhere

Eligibility

PROJECT SIZE

Residential projects

must have costs totaling at least:

- **$5 million** in a QIT or GRM
- **$10 million** in any other community with a population of less than 200,000
- **$17.5 million** in any other Incentive Area (i.e. Newark or Jersey City)

Commercial projects

must be at least **100,000** square feet

Eligibility

SCORING

- Scoring will be used to assess project consistency with program objectives, not to compare projects with one another
- Projects not demonstrating evidence of consistency with program policy objectives would not advance further
  - *Scoring questions related to equity, environmental justice, climate resilience, workforce housing, and sustainability*
  - *Scoring questions available at* Aspire Program (NEW) - NJEDA

Rules clarification

Eligibility

MUNICIPAL SUPPORT

Letter of support from governing body of the municipality where the project will be located is required at time of application for commercial and residential projects

AFFIRMATIVE ACTION AND ENVIRONMENTAL STANDARDS

Projects must meet affirmative action requirements for all work included in the project cost and for two years after the tax credit certificate is issued

Projects must meet minimum environmental and sustainability standards outlined at https://www.njeda.com/green-building-guidance_v8-final/

- Applicants will need to acknowledge the need to meet these standards and provide a description of how they will be met

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Eligibility

PHASING

Projects can be undertaken in phases if each phase has

- Project costs of at least $50 million
- A Temporary Certificate of Occupancy (TCO)

AFFORDABLE HOUSING

All projects including newly-constructed residential units must provide a minimum of 20 percent affordable housing

Fiscal and Resident Protections

COMMUNITY BENEFITS AGREEMENT (CBA)

Required for projects with total costs of $10 million or more

- Developer shall enter into a CBA **with the Chief Executive of the municipality** for each incentivized municipality location
  - Municipality may request the Chief Executive of the County containing the municipality to negotiate and enter into the CBA
- Agreement **may provide services to underserved communities or other investments that benefit the community as a whole**
  - **Up to 5 percent** of costs associated with these services/investments may be included in applicant project economics as a soft cost or stream of annual operating costs
- Municipality/County must plan **at least one community engagement session**
- Municipality/County appoints a **Community Action Committee** with at least three members to monitor CBA implementation