

Filling a Food Desert & Beyond

Expanded Real Estate Impact Fund aims to foster revitalization of underutilized sites

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East of Routes 1 and 9 in the City of Elizabeth sits the site of a closed New Jersey Transit bus maintenance facility, a challenging, formerly contaminated area where redevelopment attempts had been unsuccessful.

Surrounding the site is a food desert that has long impacted the ability of more than 50,000 residents to access fresh, healthy, and affordable food. Studies show this section of Elizabeth has less than 0.09 square feet of supermarket selling space per person, considerably less than the national average of 5.47 square feet.

Jacobs Enterprises is leading an effort to make this food desert home to a 25,000-square-foot, state-of-the-art supermarket, just one element of a 55,463-square-foot commercial development projected to open in the coming months that will include Dollar General and Subway.

A critical component of the financing for the \$17 million project, which is taking shape on the site of the old bus maintenance facility, is a \$1.27 million loan from the New Jersey Economic Development Authority (EDA) under the Real Estate Impact Fund. The Real Estate Impact Fund helped to propel the project forward as it allowed the developer to offer an attractive rent to the anchor tenant, IGA, that has signed a 20-year lease.

Expanding support

To support the revitalization of similar underutilized properties in urban areas and stimulate other smaller-scale development projects across the State, the EDA recently expanded its Real Estate Impact Fund to offer early capital not only to private developers, but to local government units as well.

The EDA established the Real Estate Impact Fund in 2014 as a pilot program to fill a marketplace need given the unique challenges associated with securing early project financing in urban neighborhoods. The private and public component of the Fund aims to return vacant and underutilized properties to

vibrant venues by providing upfront capital at flexible terms through an EDA investment partnership.

Assistance to private developers is structured as an investment alongside the developer's equity that has a repayment based on project performance. In return for EDA's capital in the project, developer equity requirements are reduced and there is no requirement for a personal guarantee of the debt.

The new public component of the Fund was crafted based on discussions with community stakeholders that emphasized a need for financial assistance to advance the ultimate development of properties that are currently owned by a municipality,



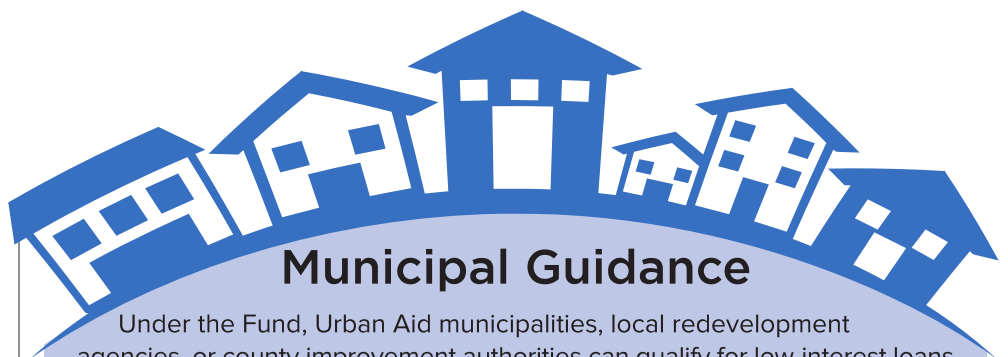
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local development agency, or county improvement authority (see box). The newly expanded Fund will assist public owners in readying sites for vertical construction by providing funds for predevelopment work and site preparation.

Who We Are:

The EDA is part of the State's results-driven Partnership for Action. Created by Governor Christie and led by Lt. Governor Kim Guadagno, the Partnership is the hub for all economic development activity in New Jersey and is comprised of four interconnected and highly focused organizational elements: Choose New Jersey, the Business Action Center, the Office of the Secretary of Higher Education, and the EDA. 📌

@ The EDA began accepting applications for the expanded Real Estate Impact Fund on January 3, 2017. More information on the Fund is available at njeda.com/RealEstateImpactFund.



Municipal Guidance

Under the Fund, Urban Aid municipalities, local redevelopment agencies, or county improvement authorities can qualify for low-interest loans of up to \$750,000 for certain project costs, including: title, survey, environmental studies and remediation, market and development impact analysis, demolition and debris removal, site boundary security, and marketing the site for sale. To be eligible, the property must be owned by the applicant, lien-free, and viable for mixed-use or commercial development with proper zoning. Applicants will be required to provide a plan for the end-use of the site.

The private investment program is available to for-profit and non-profit developers and business entities that demonstrate experience in successfully completing real estate development projects. These applicants might be eligible for financing of up to \$3 million. The EDA recently lowered the owner equity requirement related to the private component of the Fund from 20% to 10%, excluding grants or developer fees.

Small and mid-size development projects, typically not exceeding a total project cost of \$15 million, are eligible. Qualified projects include mixed-use (residential and minimum 20% commercial), retail, office, industrial, entertainment venues, associated parking garage structures, and/or land acquisition/assemblages for development. Projects can be either new construction or substantial rehabilitation.




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