NJ Ignite

New Jersey’s incubator and collaborative workspace rent initiative

Launching: Fall 2018

New Jersey Economic Development Authority
Many NJ startups in their early development stage choose to not move into a collaborative workspace because of the cost, even though collaborative workspaces have proven benefits for early stage companies.

1. **NJ does not have a central startup ecosystem like neighboring states**
   - **Solution:** Create startup ecosystem hubs

2. **Too many homepreneurs in NJ**
   - **Solution:** Incentivize startups to join collaborative working facilities

3. **Not enough events to assist startups with growing pains and provide networking opportunities**
   - **Solution:** Provide additional ecosystem events
The NJEDA created NJ Ignite to incentivize startups to utilize collaborative workspaces.

**NJ Ignite**

**Incubator and Collaborative Workspace Initiative**

The NJEDA created *NJ Ignite* to foster the development of young companies in New Jersey. *NJ Ignite* is structured as a public-private partnership, where the EDA provides funding to the collaborative workspace to support the first months of a technology or life science company’s rent at the workspace. This initiative will foster community engagement, provide needed support and encourage accountability among entrepreneurs.

**Rent Breakdown**

- **Total Pool of Capital**: $500,000
- **Per Collaborative Facility**: $150,000
- **Max Per Company**: $15,000

- **Collaborative Facility Forgone Rent**: 17%
- **Startup Pays**: 50%
- **EDA Pays**: 33%

**In order of commitment**
**NJ Ignite Commitment Structure**

**Order of commitment in months of rent**

- **Step 1**
  - **Collaborative Workspace Commitment** (1:2, Step 1:Step 3)
  - 1 month
  - 2 months
  - 3 months

- **Step 2**
  - **Startup Company Commitment** (Step 1 + Step 3)
  - 3 months
  - 6 months
  - 9 months

- **Step 3**
  - **EDA Commitment**
  - 2 months
  - 4 months
  - 6 months

- **Step 4**
  - **Total Commitment To NJ**
    - 2x (Step 1 + Step 3)
    - 6 months
    - 12 months
    - 18 months

* Collaborative workspace manager decides which tier to utilize

* Receive additional stackable bonus months from the EDA if the collaborative facility is in an Opportunity Zone, affiliated with a NJ University, affiliated with a hospital system, or the facility has been open less than 90 days. These bonus months do not count toward the workspace or company commitment periods.
NJ Ignite: A $500K grant pilot program where the EDA will finance 2, 4 or 6 months of a technology or life science company’s rent at an NJ approved facility if the approved facility has agreed to match the grant on a 1:2 basis

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<tr>
<th>Create startup ecosystem hubs</th>
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<tbody>
<tr>
<td>NJ Ignite will provide support to New Jersey’s 45+ collaborative workspaces by increasing the number of young company tenants which will allow these facilities to become the <em>startup ecosystem hubs</em> in the state</td>
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<th>Incentivize startups to join collaborative working facilities</th>
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<td>NJ Ignite will provide rent support to early stage companies to operate from a collaborative workspace, helping companies realize the benefits of collaborative workspaces while removing rent as a barrier of entry</td>
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<td>NJ Ignite will require that collaborative workspaces commit to hosting a minimum of 8 ecosystem building events (e.g. office hours, meetups, speaker series) in a year</td>
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NJ Ignite: Collaborative Facility Qualifications

- Facility **must** be located in NJ
- Minimum of 5 unique paying tenants over the last 2 years
- Commit to hosting at **least 8** ecosystem building events
- Rent charged to the startup is comparable to the rates charged to other community members within the same space
- Will provide free rent to the startup company as defined in the program
- Offer at least one type of work space - private office space, hot-desks or dedicated desks
Benefits For Collaborative Facility

- Increased Ecosystem
- Collaborative facility manager decides what companies participate in the program
- Increase the occupancy rate
- EDA pays commitment up front after satisfactory disbursement request
- Become the community hub by hosting events
- Become and EDA approved facility and receive promotion, marketing and visibility
ICWRI: Startup Qualifications

- At least 1 full time employee working in the workspace
- Less than 3 years old from earliest formation date
- Less than 10 employees (W2 or 1099)
- Less than $1M in gross sales in the last 12 months
- First time in a NJ collaborative facility
A collaborative workspace submits the required documents via online submission with attachments:
- Email: NJIgnite@njeda.com

Requested documents:
- Signed self certificate template (form)
- NJ Tax clearance
- Tenant list template (form)
- Rent, mortgage or corporate charge back after one month (showing manager cost of operation)

*estimated two week approval time

An approved collaborative workspace will apply on behalf of their tenant startup and agree on the terms (either 2, 4, or 6 month program)
- Application: https://www.njeda.com/

Requested documents:
- Signed self certificate template (form)
- NJ Business registration
- 2-page executive summary
- Certificate of incorporation
- Employee verification template (form)
- Signed lease agreement (draft will be accepted) with final to follow
- Executed grant agreement (form)
- EDA named as additional insurer

After an approved collaborative facility and tenant complete their agreed upon months, the collaborative facility will submit a disbursement request
- Application: https://www.njeda.com/

Requested documents:
- Executed disbursement request template (form)
- Signed lease agreement
- Rent payments from tenants (cancelled check, bank statement, wire transfer)

17% Collaborative Facility Forgone Rent  
50% Startup Pays Rent  
33% EDA Pays
When is the program launching?
The program application will be available beginning October 1st, 2018.

Where do I apply?
Please see the website: https://www.njeda.com/icwri

What spaces are part of your program?
Any facility that meets the requirements can apply. Please see the NJEDA website for a complete list of approved facilities:
https://www.njeda.com/financing_incentives/technology_lifesciences/NJ-Collaborative-Workspace-Initiative
Phone: (732) 839-1880
Website: www.njeda.com/tls

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