



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: March 9, 2022

RE: New Jersey Asset Activation Planning Grant Program

SUMMARY

The Members are asked to approve:

1. The creation of the New Jersey Asset Activation Planning Grant Program - a rolling grant program, to award grants of up to \$50,000 to public, private, or non-profit entities, for early-stage planning and analysis that will demonstrate viability of projects that activate distressed or under-utilized public assets. Grant awards will be based on proposals that achieve a minimum score based on the evaluation criteria set forth in the product specifications.
2. NJEDA Economic Recovery Fund authorization of up to \$400,000 to capitalize the New Jersey Asset Activation Planning Grant Program, with \$200,000 for an initial pilot program round, and delegated authority to the EDA Chief Executive Officer for discretion to extend another \$200,000 to make additional awards should the application volume, received prior to the initial deadline, exceed the original funding amount.
3. Delegation to Authority staff (as listed below or to the Chief Executive Officer if the delegated authority policy has been approved) to decline applications that do not meet eligibility requirements and to issue final administrative decisions for appeals of declinations based solely on non-discretionary reasons.

BACKGROUND

New Jersey is the birthplace of many innovations of the American Industrial Revolution, which developed the State into one of the first modern industrial areas in the world. The accompanying transit networks, ports, and other urban amenities that early industry established became assets for growing the state and the economy.

Adoption of zoning regulations, as well as federal policies that promoted automobile utilization and expanded mortgage access for white Americans, drastically altered the way cities grew. In the late 20th Century, new development mostly came in the form of car-dependent, residential focused, suburbs. This

shift in development priorities coincided with a waning manufacturing sector that left many urban and industrial areas vacant or underutilized, and often maintained by public entities.

At the turn of the millennium, a new direction for New Jersey's growth was laid out in The State Development and Redevelopment Plan ("the State Plan") of 2001. The State Plan recognized how the pattern of suburban sprawl had begun to constrain resources and infrastructure and sought to change those patterns by emphasizing redevelopment of urban and distressed areas, building more affordable housing, and preserving farmland and open space.

Following the 2008 recession the real estate market shifted more dramatically in this direction with corporations seeking urban locations close to infrastructure, and many workers followed this trend toward greater amenities and employment options. As suburban retail and office spaces became outmoded, urban housing and commercial space costs greatly increased, further straining the residents of those areas that previously saw disinvestment and neglect.

In response to the Covid-19 pandemic many workers were required to change how and where they worked, while others lost their jobs entirely. As employment approaches pre-pandemic levels, remote-work appears to be a policy gaining favor with many employers that could remain in use even after the health crisis subsides and has the potential to alter New Jersey's economic geography once again.

This history of shifting economic and development paradigms have left an array of underutilized properties and infrastructure throughout state in urban, suburban, and rural communities alike. Former assets are now liabilities that no longer meet the needs of modern New Jerseyans and will require innovative development to activate their potential and contribute to the State's economy in an equitable way.

The priorities of Governor Murphy's Economic Plan have guided the New Jersey Economic Development Authority ("Authority", "EDA") efforts since 2018, and have led to a renewed focus on assisting communities to create vibrant and inclusive cities and neighborhoods that both build a stronger and fairer New Jersey and assists in attracting top tier talent and firms to locate business operations in New Jersey.

To meet the priorities of the Governor's Economic Plan, and develop of the State's vision, EDA will create and administer the New Jersey Asset Activation Planning Grant Program. This pilot grant program will fund pre-development planning for projects that will activate distressed and under-utilized public assets, benefiting their communities and the regional economy.

OVERVIEW

The New Jersey Asset Activation Planning Grant Program will provide grants of up to \$50,000 directly to grantees for pre-development planning that will demonstrate viability of projects. Proposed plans may include, but are not limited to:

- Conceptual design
- Feasibility studies
- Economic analysis
- Market analyses

Proposal plans must demonstrate to what extent the utilization of a public asset will be improved by the proposed project and how development of an asset will benefit the regional economy and the community.

Projects should target deficient, under-utilized, or vacant land, buildings, or infrastructure owned by a county, municipality, district, public authority, public agency, or other political subdivision or public body.

Plans should demonstrate a strong connection to the State's development objectives through project elements, such as:

- Creating or catalyzing a new business sector, or target industry
 - As defined by the NJEDA Emerge program, "Targeted industry" means any industry identified from time to time by the Authority which shall initially include advanced transportation and logistics, advanced manufacturing, aviation, autonomous vehicle and zero-emission vehicle research or development, clean energy, life sciences, hemp processing, information and high technology, finance and insurance, professional services, film and digital media, non-retail food and beverage businesses including food innovation, and other innovative industries that disrupt current technologies or business models
- Driving economic growth and equity
- Creating an innovative use for distressed public assets, unutilized or underutilized public property or unutilized public lands
- Expanding access to public transportation or public services
- Attracting employers and a diverse, talented workforce
- Expanding entrepreneurial opportunities and support local businesses
- Improving land use efficiency and sustainability

Program Authorization and Funding

Through the Economic Recovery Fund ("ERF") statutes (N.J.S.A § 34:1B-7.13(a)(5) and (13)), NJEDA is respectively granted the authority to provide "financial assistance to assist municipalities, municipal entities, counties, county entities, regional entities, State instrumentalities, and not-for-profit local economic and community development entities to execute programs and initiatives to stimulate community and economic development," as well as to create "a fund to provide grants or competition prizes, either directly or through a not-for-profit entity, that is consistent with economic development priorities as defined by the authority's board."

This program will meet two major economic development priorities adopted by the Authority's Board in December 2021 and laid out in the Governor Murphy's Economic Plan of, "Investing in Communities" and "Making Government work Better," by proving funding to activate underutilized or unutilized public properties for community focused investments and to activate assets that will catalyze new business sectors in NJ communities. This grant will improve investment in communities by working to activate underutilized, distressed, or vacant public lands and other assets in order to promote equitable economic growth and community wealth building. The grant will also provide funding to make government work better by helping to fund research and analysis on fallow public lands and assets.

The Board is requested to authorize the use of \$200,000 from ERF for the purposes of funding NJ Asset Activation Planning Grant program.

Authority is also requested to allow the Chief Executive Officer to draw down additional funding of up to \$200,000 from ERF for the purposes of making additional awards should the application volume, received prior to the initial deadline, exceed the original funding amount.

Eligible Applicants

Qualified applicants are defined as a New Jersey:

- Municipality,
- County,
- Municipal, county, regional or state redevelopment agency,
- Municipal, county, regional or state independent authority,
- Non-profit entity
- Private, for-profit entity that meet additional criteria detailed below and holds a valid New Jersey tax clearance certificate.

An Applicant in a lead role is the entity that is the sole recipient of grant funds and responsible for all terms of the grant agreement. The lead role applicant will serve as the primary point of contact with the Authority, submit any requests for fund disbursement, and provide reports to the Authority.

An applicant may only submit one application each in a lead role but can be included as a partner in additional applications where they play a non-lead role. Any named strategic partner or partners included in the proposal cannot be changed without the prior written consent of the Authority.

Applicants may add strategic partners whose experience, knowledge, skills, and ability may provide an advantage in the production of analyses and reports.

The strategic partnership must be recognized by a signed memorandum of understanding or a written agreement between the partner and the applicant and included in the completed application.

Private and nonprofit entities proposing projects in relation to public properties must provide a letter of approval from the chief executive of the public entities that hold ownership of the subject property. Assets owned by The State are not eligible for project applications, however assets owned by Independent State Authorities are eligible when accompanied by a letter of approval.

A proposal on behalf of a county or independent authority does not preclude a municipality within that county; or municipality or county within boundary of independent authority; or independent authority whose boundaries overlap a municipality or county from submitting their own proposal.

An award of grant funding does not imply approval of planning, analysis, use, sale, or divestment of any assets or property.

Rolling Evaluations

Applications for the New Jersey Asset Activation Planning Grant will be accepted on a rolling basis.

EDA anticipates notifying each applicant within five business days of receipt if the application has been deemed complete. Applicants whose applications have been deemed incomplete will be given five business days to cure any deficiencies. If at the end of the five-day period, the applications are still incomplete, they will be notified the application will not be advancing and a new application would need to be submitted for further consideration.

Applications will be evaluated and scored on a first in, first out basis using the date and time that the Authority receives a completed application. Applications that meet the minimum score requirement of 65 will be recommended to the Board for award approval in that order.

Applications will be accepted during a 90-day window publicized in the Notice of Funding Available. Delegated authority is requested to allow the Chief Executive Officer to draw down additional funding of up to \$200,000 from ERF for the purposes of making additional awards should the application volume, received prior to the initial deadline, exceed the original funding amount.

Applications must include plans for specific deliverables that can be fully completed (with copies provided to EDA appropriate for public consumption) six calendar months after the execution of funding agreement between EDA and the recipient. Upon written request by the grantee an extension of up to two months may be authorized for the plan's final delivery, at the sole discretion of the Authority.

A non-refundable fee of \$ 1,000 shall accompany every application for Authority assistance.

Scoring

Applications will be reviewed and scored by staff of the Authority formed as a scoring committee.

The scoring committee may utilize the advice of subject matter experts from both the Authority and other New Jersey state departments, agencies, councils, offices, and boards to advise scoring decisions.

Grants will be scored on a scale of 0-100 points, with 100 points being the highest score possible. Grants award recommendations will be limited to applications that meet or exceed the Minimum Score Requirement of 65 points.

Applications will be evaluated and scored on each of the criteria below.

Criteria #1 - Asset Impact (Up to 40 points) – Proposals must demonstrate how projects will improve the utilization of a public asset and contribute to the community and regional economy.

Example of these may include, but are not limited to:

- Projects that look to innovative uses of underutilized, distressed, or vacant public land, improvements or structures that will provide possibilities for local equitable economic growth
- Projects that develop publicly owned parking lots into ratable businesses, or mixed-use neighborhoods infill.
- Projects that activate use of public rights-of-way for multi-modal trail connections.
- Designs for innovative and transformative new buildings on unused public lands.
- Development of vacant, under-utilized, or distressed public land, improvements or structures for a targeted industry research, development, workforce training or manufacturing hub.

Scoring measure:

- 0 - 10 points: Demonstrates minimal impact
- 11 - 20 points: Demonstrates marginal impacts
- 21 - 30 points: Demonstrates significant impacts
- 31 - 40 points: Demonstrates superior impacts

Criteria #2 – Identification of Project Purpose and Merits (Up to 20 points) – Proposals should identify community benefits of the project, and challenges that have precluded prior development of the asset.

Considerations may include, but are not limited to:

- Ability to address locality-specific needs and challenges.
- Emphasis on long term viability and adaptability of a given concept.
- Ability to consider and mitigate any past difficulties that created challenges for a given asset/grouping of assets.
- Ability to identify and balance local needs with those of the region and state as a whole.

Scoring measure:

- 0 - 5 points: Little or no demonstration of features
- 5 - 10 points: Features are present but show deficiencies.
- 11 - 15 points: Features are well demonstrated.
- 16 - 20 points: Significantly exceeds requirements.

Criteria #3 - Previous Experience (Up to 20 points) – Preference will go to entities who are able to display a strong record of early-stage project planning and analysis that lead to development. Applications should demonstrate a commitment to engage in development projects by a record of past project involvement. Applications may bolster these criteria through strategic partnerships and detailing those partners' records. Preference will go to applicants who can demonstrate a track record of:

- Partnership and engagement with public entities for development and redevelopment.
- Adherence to state and local development plans.
- Dedication to principles of environmental sustainability.
- Previous investments in business sector or innovation projects.

Scoring measure:

- 0 - 5 points: Little or no demonstration of features
- 5 - 10 points: Features are present but show deficiencies.
- 11 - 15 points: Features are well demonstrated.
- 16 - 20 points: Significantly exceeds requirements.

Criteria #4 - Community Engagement (0 to 10 points) - Preference will go to applicants that are able to display efforts to engage local residents and businesses in planning efforts. Local interest may be shown in the form of both past and present support, whether formal (municipal resolutions) or informal (community discussion and engagement).

Scoring measure:

- 1-5 points: Feature is present but shows deficiencies
- 5-7 points: Meets requirements
- 7-10 points: Significantly exceeds requirements

Criteria #5 - Municipal Revitalization Index Score (0 to 10 points) – The Municipal Revitalization Index (MRI) serves as the State’s official measure and ranking of municipal distress. The MRI ranks New Jersey’s municipalities according to eight separate indicators that measure diverse aspects of social, economic, physical, and fiscal conditions in each locality. Most recent MRI scores will be applied based on time of application submission and physical location of proposed project’s municipal host community.

Scoring measure:

- 2 point: MRI Distress Score 30 – 34.9
- 4 points: MRI Distress Score 35 – 39.9
- 6 Points: MRI Distress Score 40 – 49.9
- 8 Points: MRI Distress Score 50 – 69.9
- 10 Points: MRI Distress Score 70 or higher

Grant Disbursement

Grant disbursements by the Authority will only be made to the lead role entity. The lead role entity shall be responsible for assuring the compliance of any strategic partners and/or subcontractors with all terms and conditions of this application - and assumes the sole and absolute responsibility for any payments due to any municipal, county, or strategic partners.

All Applicants who are successfully awarded a grant will follow a uniform disbursement schedule. The lead entity will receive 50% of the grant amount upon execution of grant agreement, and 25% upon completion and submission of a mid-way progress report, and 25% upon completion and submission of a final plan and final progress report. At a minimum, the progress reports must include:

- Summary of funds expended to date, and
- Narrative detailing milestones achieved and overall progress toward completion of final plan.

A monthly call with the Designated Authority Project Manager and the Grantee’s assigned Account Manager or Back-Up Account Manager will be held monthly for the first three months of the grant term, up until the halfway point of the grant term. During and following that time, additional calls may be held on an as needed basis until the grant term has ended.

Delegated Authority

Delegation to Authority staff (Chief Community Development Officer, Executive Vice President-Special Projects, Managing Director-Community Development, Chief Economist) to decline applications that do not meet eligibility requirements solely due to non-discretionary reasons. If the Board has approved the delegated authority policy, the delegation will be to the Chief Executive Officer.

Delegation to Authority staff (Chief Legal & Strategic Affairs Officer, any Vice President, Director of Legal Affairs, Director of Business Operations) to issue final administrative decisions for appeals of declinations based solely on non-discretionary reasons. If the Board has approved the delegated authority policy, the delegation will be to the Chief Executive Officer.

Delegated to Authority staff (Chief Executive Officer) to draw down additional funding of up to \$200,000 from ERF for the purposes of making additional awards should the application volume, received prior to the initial program deadline, exceed the original funding amount.

Appeals

Entities whose applications are denied will have the right to appeal. Appeals must be filed within the timeframe set in the declination letter (which must be at least 3 days but no longer than 10 days). Chief Legal & Strategic Affairs Officer or designee will designate Hearing Officers who will review the applications, the appeals, and any other relevant documents or information. The Hearing Officer will prepare a recommended decision, which must be approved, and a Final Administration Decision issued by the Board or, if under delegated authority, by Chief Legal & Strategic Affairs Officer, any Vice President, Director of Legal Affairs, Director of Business Operations

RECOMENTATIONS

We recommend approval for the creation of the New Jersey Asset Activation Planning Grant Program - a pilot rolling grant program which will advance the priorities of the Governor's Economic Plan, and develop of the State's vision, through funding of pre-development planning for projects that will activate distressed and under-utilized public assets, benefiting their communities and the regional economy.

We also recommend approval Economic Recovery Fund authorization of up to \$400,000 to capitalize the New Jersey Asset Activation Planning Grant Program, with \$200,000 for an initial pilot program round, and delegated authority to the EDA Chief Executive Officer for discretion to extend another \$200,000 to make additional awards should the application volume, received prior to the initial deadline, exceed the original funding amount.

Finally, we recommend approval of delegation to Authority staff (as listed above or to the Chief Executive Officer if the delegated authority policy has been approved) to decline applications that do not meet eligibility requirements and to issue final administrative decisions for appeals of declinations based solely on non-discretionary reasons.

Tim Sullivan
Chief Executive Officer

Prepared by: Jason Miller & John Costello

Attachments
Exhibit A – New Jersey Asset Activation Planning Grant Program Specifications