

# Main Street Recovery Finance Program



# What is the Main Street Recovery Finance Program?

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**\$100 million appropriated for several products to support New Jersey small businesses:**

**Products are expected to consist of:**

- 1) Grants to Small Businesses** – Will support NJ small businesses (as defined by SBA) with renovations, improvements, lease payments, and purchase and/or installation of furniture, fixtures and equipment.
- 2) Loans to Micro Businesses** – Low-cost financing will support NJ micro businesses, defined as businesses with 10 or fewer full-time employees, and less than \$1.5 million in annual revenue.
- 3) Resources for Lenders** - Loans and grants to lenders that have at least 10 years of experience servicing micro businesses. These resources will help lenders support more micro businesses with loans and technical assistance. Eligible lenders will include:
  - Community Development Financial Institutions (CDFIs)
  - Minority Depository Institutions (MDIs)
  - Zone Development Corporations (in cities with a population of more than 100,000)
  - Community Development Corporations
  - Economic Development Corporations

# Initial Product Offerings

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The Main Street rule proposal establishes two initial product offerings:

## Small Business Lease Grant



Provides grant funding to offset a portion of lease payments for businesses leasing new or additional space.

## Small Business Improvement Grant



Reimburses business owners for costs associated with making interior or exterior building improvements or purchasing/installing furniture, fixtures or equipment.

# Small Business Lease Grant - \$10 million



## OVERVIEW

- ▶ **40% of grant funding will be set aside for businesses located in an Opportunity Zone.**
- ▶ **Provides grants to businesses to offset a portion of annual lease payments for leases with a minimum 5-year term. Leases must have been executed within 12 months prior to application date to be eligible.**
- ▶ **Grant payments are made in two disbursements:**
  - First disbursement will be made after execution of grant agreement, for an amount equal to 20% of annual lease payment.
  - Second disbursement will be made after 12 months of lease payments have been paid by the applicant, for an amount equal to 20% of annual lease payment.
- ▶ **Applicants with multiple locations are limited to one application per location.**
- ▶ **Approval fee: \$100 - due at time of approval and prior to execution of grant agreement.**

# Small Business Lease Grant



## APPLICANT ELIGIBILITY

- ▶ **Open to commercial businesses and nonprofits**
- ▶ **Applicants must meet the following eligibility requirements:**
  - Meet SBA definition of a Small Business – determined by applicant’s NAICS code.
  - Provide a current tax clearance certificate.
  - Be in good standing with Department of Labor and Department of Environmental Protection.
  - Certify at time of application that they are not in default on any other NJEDA or State assistance.
  - Certify at application the applicant will pay wages that are the greater of \$15/hour or 120% of the minimum wage rate. Tipped employees are required to be paid only 120% of minimum wage rate. Wage requirements last for the term of the grant agreement (5 years).
  - Must commit to remaining in the facility for at least five years.



## LEASE ELIGIBILITY

- ▶ **A lease must meet the following eligibility requirements:**
  - 250 – 10,000 s.f. of office, commercial space, or retail space, with a minimum 5–year term
  - Only the first 10,000 s.f. of a larger lease is eligible for grant support
  - Must be a new lease, or amendment or extension of an existing lease. New or amended space must be at least 250 s.f. larger than prior space.
  - Must include first-floor (street-level) space (Leases with two floors are eligible as long as street-level space is included)
  - Must be market-rate based on commercial real-estate information.
  - Lease cannot be executed more than 12 months prior to date of application.



## EXCLUSIONS

- ▶ Applicants cannot terminate an existing lease and enter into new lease for same or less square footage in order to pursue this grant.
- ▶ Businesses operating under an existing Small Business Lease Assistance Program grant agreement are not eligible to apply but may opt out of their existing grant agreement to pursue this grant.
- ▶ Grantees that default on lease payments or leave the space during their grant term are no longer eligible for the incentive and must repay any funding they received from the NJEDA.
- ▶ High-Tech and business incubator members in not-for-profit facilities are not eligible for independent lease incentives, however operators of incubators are eligible.
- ▶ Landlords cannot have an ownership interest in the tenant.
- ▶ Tenant would need to get certification from landlord they are current on lease payments.

# Small Business Improvement Grant - \$15 million



## PROGRAM OVERVIEW

- ▶ **40% of grant funding will be set aside for businesses located in an Opportunity Zone.**
- ▶ **Provides grant funding equal to 50 percent of project costs (max \$50,000).**
  - Grant funding can be used for:
    - Interior and exterior renovations.
    - Purchase and installation of new furniture, fixtures, and equipment (FFE).
    - Minimum project cost of \$5,000.
- ▶ **Limit of one grant per Employer Identification Number (EIN).**
- ▶ **Entities operating in multiple locations under a single EIN are limited to one application under the sole EIN, but a single application may include project costs across multiple locations.**
- ▶ **Approval fee: \$100 - due at time of approval and prior to execution of grant agreement.**



# Small Business Improvement Grant



## APPLICANT ELIGIBILITY

- ▶ **Commercial businesses and nonprofits are eligible.**
- ▶ **Applicants must:**
  - Meet SBA definition of Small Business - based on applicant's NAICS code.
  - Rent or own and operate from facility as a commercial business.
  - Provide a current tax clearance certificate and be in good standing with Department of Labor and Department of Environmental Protection.
  - Certify at time of application that they are not in default of any other NJEDA or State assistance.
  - Certify at application the applicant is willing to pay wages that are the greater of \$15/hour or 120% of the minimum wage rate. Tipped employees are required to be paid only 120% of minimum wage rate.

# Small Business Improvement Grant



## PROJECT ELIGIBILITY

- ▶ Reimbursement for interior or exterior building improvements, or purchase and/or installation of FFE.
- ▶ Home-based businesses may only receive reimbursement for purchase and/or installation of FFE
- ▶ Work must be complete on or after March 9, 2020, but no more than 2 years prior to application date.
- ▶ Must provide documentation proving payment was made for completed work (invoices, statement, payments, and/or cancelled checks).
- ▶ Total project cost must be at least \$5,000.
- ▶ Applicant is responsible for all applicable local approvals (i.e. zoning and building permits).
- ▶ Projects over \$50,000 are subject to Green Building Standards for lighting and/or mechanical work.
- ▶ If applicant leases space, then landlord's permission to make improvements is required.
- ▶ Projects utilizing contractors with 4 or more employees (total workforce, not specific to project) may be subject to Affirmative Action requirements.

# Main Street Recovery Fund Requirements



Main Street grant applicants must be prepared to comply with the following requirements:

▶ **Wage requirements:**

- Employees must be paid the greater of \$15/hour or 120% of minimum wage. For tipped employees, 120% of minimum wage.
- NJEDA will monitor for this annually, by collecting either a WR-30, payroll report, or equivalent documentation.

▶ **Green Building Standards** - For the Small Business Improvement Grant, projects with total project cost of over \$50,000 must adhere to green building standards. For the purposes of the Improvement Grant, this is applicable to mechanical and lighting improvements only.

▶ **Affirmative Action** – For the Small Business Improvement Grant, contractors with 4 or more employees (in total, not specific to the project applying for a grant) are subject to Affirmative Action requirements.

▶ **Commitments under each grant, subject to businesses repaying the grant for non-compliance:**

▶ **Small Business Lease Grant** – Must commit to remaining in the facility and meeting the wage requirements for 5 years following grant agreement.

▶ **Small Business Improvement Grant:**

- For grants of less than \$25,000, business must commit to remaining in the facility and meeting the wage requirements for 2 years following grant agreement.
- For grants of \$25,000 or more, business must commit to remaining in the facility and meeting the wage requirements for 4 years following grant agreement.

# Additional Pilot Programs



## NJEDA intends to develop future pilot products to be funded under the Main Street Recovery Program:

### ▶ Micro Business Loans

- Working capital loans of up to \$50,000 to be provided directly to micro businesses from NJEDA. Financing will be low-cost, with attractive terms and rates.

### ▶ Loans to Micro Business Lenders

- NJEDA will provide loans to micro business lenders, who will use that funding to increase capacity under their existing loan programs, or establish new micro business lending programs with attractive terms.
- Eligible lenders would include CDFIs, MDIs, Zone Development Corporations in cities with populations of 100,000+, CDCs, EDCs, and non-profit lenders with at least 10 years of micro business lending experience
- Lenders will also receive a portion of the funding as technical assistance grants, to provide services to better position micro businesses to qualify for these loans. Technical support services would include, but are not limited to: credit repair services, assistance with writing business plans and preparing financial statements and projections.