

**New Jersey Department of Community Affairs
Division of Housing and Community Resources
Neighborhood Revitalization Tax Credit Program**

APPROVED NRTC PROGRAM POLICIES

The following policies for the NRTC Program have been approved for use by the DCA Commissioner, effective July 2011. They address issues that have been voiced by the non-profit community and corporate sponsors, and also from the Department's experience in administering the program.

***Allowing NRTC funds for administration**

Up to 10% of NRTC funds that are awarded to a grantee may be used for administration. This must be for costs related to staff positions involved with implementing an approved NRTC project. The staff positions can be new or existing; and can be with the grantee, or an affiliate, or a partner. The intent is to allow funding for persons who will carry out activities that are part of an approved project, such as housing property management, business development, community organizing or recreation. It is not intended for NRTC funds to be used by a grantee for overall administrative purposes, or for staff positions that are unrelated to implementing NRTC activities.

***Allowing NRTC funds to be advanced to a grantee**

Up to 20% of NRTC funds that are awarded to a grantee may be disbursed as an **advance**, after a grant agreement is fully executed. This will allow a grantee to access NRTC funds to initiate approved NRTC activities. If any portion of the advanced NRTC funds is not immediately used for eligible costs, it must be deposited by the grantee into an interest-bearing account. Any interest which accrues on these deposited funds will be considered to be program income. The remaining NRTC grant funds (no less than 80% of an award) will only be drawable on a reimbursement basis, as a "financial status report/expense report" (FSR) via SAGE, with back-up documentation required.

***Conditional commitment by DCA to funding an NRTC project**

If an NRTC project application meets eligibility and review criteria and is recommendable for funding, but lacks all of the necessary NRTC funds (because they have not yet been raised from private investors), program staff will prepare a letter for the Commissioner's signature to endorse the project and conditionally commit the Department to approve the project when the NRTC funds are raised. This will allow the Department to express its support for an approvable NRTC project outside of SAGE. The applicant will be able to use the conditional commitment to raise NRTC funds from private investors. If a project is recommendable for funding and has some, but not enough NRTC funds, the Department would commit to awarding the available funds now and increasing the award amount via grant amendment as additional NRTC funds are raised.

*Limits on grants and applications for approved agencies

An approved agency, which is a qualified non-profit organization with an NRTC neighborhood plan approved by the Department, may submit a maximum of two project applications per fiscal year (July 1 to June 30) for each neighborhood that has been approved. In order for the Department to approve any NRTC project application that is eligible and ready to be funded, the agency must demonstrate that its open NRTC project grants are 50% or more complete. This is further defined as follows: for construction activities within a project grant, the verified “value-in-place” as determined by certified contractor requisitions (AIA G702 or equivalent); for non-construction activities within a project grant, the amounts that have been expended for those activities.

The Department will permit an approved agency to have a maximum of two open and active NRTC project grants at any time, per approved neighborhood. It is the Department’s strong preference that an approved agency should have only one open and active NRTC project grant at any time, per approved neighborhood.

*Construction work

An approved agency may not begin construction work for an eligible project activity prior to the Department’s approval of the NRTC project application which includes that activity. The Department at its discretion may waive this requirement if the approved agency can sufficiently demonstrate that an emergency situation exists and construction work is imminently needed to address a health or safety issue.

*Designation of NRTC contribution to approved agencies with projects

A business entity that makes an NRTC contribution without designating one or more approved agencies, with projects in need of funding, to receive funds from its contribution will have 90 days from the date the Department issues a tax credit certificate for the contribution to notify the Department about its designation decision. If after this 90 day period the business entity has not provided its designation decision, the Department will notify the business entity that it has an additional 30 days in which to make this decision, and that the Department will assume the responsibility of funds designation if the business entity fails to provide its decision by the end of the additional 30 day period.