

Stronger NJ Business Grant Application Overview:

Stronger NJ Business Grant Program Overview:

To assist in the recovery from Superstorm Sandy, New Jersey received from the U.S. Department of Housing and Urban Development (HUD) an initial allocation of approximately \$1.8 billion of Community Disaster Block Grant Disaster Recovery (CDBG-DR) funds to be used to satisfy needs arising from the storm that are not satisfied by other funding sources. Governor Chris Christie has tasked the NJEDA to administer \$460 million of these funds to support the recovery of storm-impacted businesses. Of this total, \$260 million will fund the Stronger NJ Business Grant program.

Under the Stronger NJ Business Grant program, small businesses and non-profits may apply for grants and forgivable loans of up to \$50,000 per impacted location. If an entity has multiple locations in New Jersey incorporated under a single federal tax identification or employer identification (EIN) number, it may use one application to seek funds for all incorporated, impacted locations, and may receive up to \$50,000 per impacted location, but no more than \$250,000 in the aggregate. An individual owning multiple separate businesses with separate EIN numbers may apply for separate grants for each eligible business. However, multiple businesses with separate EIN numbers that share ownership and that are co-located at the same physical location, may only submit one application collectively.

Applicants to the Stronger NJ Business Grant program must show that each damaged location for which funding is sought sustained at least \$5,000 in Superstorm Sandy-related physical damage, which may include damage to real property and non-perishable/non-consumable inventory.

Eligible costs under the Stronger NJ Business Grant program include working capital (operating expenses), inventory, equipment, machinery, fixtures, furnishings, and prospective construction. If an applicant seeks multiple types of funding, according to program policy, working capital and inventory expenses will be prioritized.

Applicants that seek funding through the Stronger NJ Business Grant program to address physical damage, which per HUD requirements may include damage to equipment, furnishings, fixtures, and machinery, as well as construction-related projects for real estate, will likely require environmental clearances and additional reviews that almost certainly will delay receipt of grant assistance. National Flood Insurance Program (NFIP) coverage requirements also may be implicated. Per HUD regulations, an applicant must stop construction activities immediately upon applying for physical damage-related expenses. Per HUD requirements, no physical damage-related funds through this program may be used to reimburse the applicant for work completed before the requisite federal clearances are obtained.

Non-profits involved only in commercial or industrial activities, or that have facilities, which provide a public service that furthers economic development may be eligible, though they may only apply for construction funds. Examples of eligible non-profits may include a fisheries co-operative or a charity with a retail shop. Religious-affiliated non-profits, such as churches, may utilize funding only for renovation or new construction of portions of an impacted physical structure that have non-sectarian uses.

Per HUD requirements, priority will be given to applicants with storm-impacted locations within the nine most impacted counties as determined by HUD, which are Atlantic, Bergen, Cape May, Essex, Hudson, Middlesex, Monmouth, Ocean, and Union. HUD has required that 80% of the monies received by New Jersey in the first tranche of CDBG-DR funding be used to address unmet needs in these counties.

Notably, if a gap in a business' or eligible non-profit's capital needs is more than the amount for which the applicant is eligible or the amount for which the applicant seeks funding through the Stronger NJ Business Grant program, the applicant must show additional sources of funding available to satisfy its additional needs. This requirement is intended to ensure that entities receiving funding under the Stronger NJ Business Grant program can realize a full recovery.

Applications will be subject to a duplication of benefits review. Disclosure of funds already received or approved for the same use as those requested in an application for the Stronger NJ Business Grant will be required. These sources of funding may include private insurance, FEMA or SBA. Duplicative CDBG-DR funds cannot be approved for the same purpose.

Stronger NJ Business Grant Program Eligibility Criteria:

Under the Stronger NJ Business Grant program, small businesses and non-profits must meet **ALL** of the following eligibility criteria:

- The entity must have been in existence on the date of Superstorm Sandy (10/29/12).
- The entity must have at least one impacted location within the State of New Jersey.
- The entity must have sustained at least \$5,000 in physical damages from Superstorm Sandy, which may include damage to non-perishable/ non-consumable inventory and damage to real property.
- The entity must be considered a "small business" as defined by the U.S. Small Business Administration (SBA), and have more than \$25,000 but less than \$5 million in gross operating revenues.
- The entity must have applied to and received a declination or approval for an SBA disaster loan if the SBA disaster loan program has not lapsed (as of April 2013, the SBA deadline for Physical Damage loans is May 1, 2013 and the SBA deadline for Economic Injury loans is July 31, 2013). Specifically, if an entity seeks a grant through the NJEDA for expenses that may be covered under the SBA's Economic Injury disaster loan program, such as expenses relating to working capital for salaries, the applicant must apply to the SBA for an Economic Injury disaster loan before the applicant can submit an application to NJEDA for working capital-related funds. This would be required even if the SBA Physical Damage disaster loan program has lapsed. While entities that applied to SBA but have not received a final decision on the SBA application will be able to prepare an application to Stronger NJ Business Grant program, that application cannot be submitted until a final determination on the SBA application is rendered.
- The entity is not seeking to receive funds from the Stronger NJ Business Grant Program that would duplicate funding already received, or known to be forthcoming, from other sources such as private insurance, FEMA or SBA that are for the same purpose. Funds received from private loans, lines of credit or other assets are not relevant to this eligibility criterion.
- The entity or the owner, if a sole proprietorship, must have less than \$1 million in liquid assets (cash or cash equivalents in the entity's accounts).
- The entity must not be debarred by HUD or the State of New Jersey for certain legal matters.
- The entity must be up to date on all tax filings with State of New Jersey.
- The entity must be registered to do business in New Jersey and in good standing.
- The entity must be registered with Dun and Bradstreet and have received a DUNS #.

The following is a list of entities not eligible for funding:

- Home-based businesses will not be eligible because HUD provides for residential assistance

under other programs, principally through the Department of Community Affairs (DCA). A home-based business is considered any entity that does not have a separate entrance for commercial customers, i.e., it requires commercial customers to enter the residential portion of the property in order to conduct business. Bed and Breakfast establishments are not considered home-based businesses and thus may be eligible.

- HUD does not consider second homes used as seasonal or weekly rental properties to be eligible businesses. However, where (i) two or more such units are owned by a registered, formally structured company, (ii) that company has its own federal tax identification or employer identification (EIN) number, and (iii) that company owned the impacted real property on the date of the storm, October 29, 2012, the company may be eligible to receive funding for impacted locations under the Stronger NJ Business Grant program. Businesses that own a single residential rental unit and privately owned residential rental units that are available for lease throughout the calendar year may be eligible for assistance under the Department of Community Affairs' (DCA) CDBG-DR programs. For further assistance with these properties, please contact the DCA at 1(855) Sandy-HM.
- HUD regulations state that privately-owned recreational facilities that serve a predominantly higher-income clientele, where the recreational benefit to users or members clearly outweighs employment or other benefits to low- and moderate-income persons, will not be eligible.
- Casinos and gambling facilities are not eligible.
- Businesses located in a Coastal Barrier Resource Area (CBRA) are not eligible.
- Additional exclusions may apply.

Documentation Necessary to Apply:

Documentation of the following will be required to apply for Stronger NJ Business Grant funding:

- \$5,000 in physical damages per business location seeking assistance, for example: contractor estimates, insurance claim, comparable cost of replacement, photos of damage
- Other federal funding, for example, SBA Disaster Loan Application #, FEMA Control #, determination letters
- Insurance, for example, policy information, estimates of commercial interruption and flood damage, declaration showing reimbursement
- Other disaster assistance funding, for example, award letters, reimbursements from other sources including but not limited to local and State government, non-profits, foundations, and private banks
- Annual revenue for FY2012, for example, business/personal federal tax return with applicable schedules, accountant-prepared financial statement
- 3 most recent months of corporate bank account statements at time of application
- Cash flow statements for the 12 months beginning at either the date of Superstorm Sandy (10/29/2012) or 1/1/2013 (A worksheet is included within the application to assist you with projections.)
- Business status, for example, NJ Tax Clearance (available on-line at www.nj.gov/njbusiness/ and click "learn more about Premier Business Services")

- Working capital and inventory, for example, invoices and/or receipts for rent/ mortgage, utility bills, payroll and fringe benefits, insurance, taxes, inventory, marketing, workforce training, other operating expenses
- Equipment/fixtures/furnishings/equipment, for example, receipts, merchant quotes, comparables, and/or invoices for replaced items
- Prospective construction and rehabilitation, for example, registered contractor estimates; other documents required to comply with federal environmental and labor regulations