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ECONOMIC DEVELOPMENT AUTHORITY

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NOTICE OF FUNDING AVAILABILITY: CDFI EMERGENCY ASSISTANCE GRANT PROGRAM

COVID-19 Outbreak
New Jersey Economic Development Authority (NJEDA)
Community Development Financial Institution (CDFI) Emergency Assistance Grant Program
Notice of Funding Availability: Application Will Open at 9:00am on Wednesday April 8, 2020 on https://application.njeda.com/.

Only NJ-based Community Development Financial Institutions (CDFI) may apply for this grant funding.

Overview

On March 9, 2020, Governor Phil Murphy issued Executive Order 103, declaring a State of Emergency and a Public Health Emergency to ramp up New Jersey's efforts to contain the spread of COVID-19. Subsequent containment measures were announced and are continuing to be announced, including restrictions on public gatherings and limited operating hours for non-essential businesses. While these measures are consistent with similar measures being taken nationally that are expected to limit the public's exposure to COVID-19, there is already and will continue to be an adverse economic impact on our nation's economy.

Within New Jersey, small businesses, and residents employed by these businesses, are facing economic challenges as businesses have difficulties meeting payroll obligations and supporting basic operating expenses that are expected to increase during a prolonged period of restricted operation or closing. Without a source of immediate relief, small businesses are being forced to furlough or lay off employees. Accordingly, the State of New Jersey is taking early action on a set of economic stability measures to provide short-term cash flow support to small businesses and increase overall business confidence, with the following objectives:

- Get funding into the market as soon as possible;
- Where possible, adjust existing NJEDA programs to address crisis needs;
- Utilize multiple channels/partners to maximize marketing of programs and minimize processing capacity constraints;
- Leverage private, federal, and philanthropic capital where possible to scale impact; and
- Provide a suite of compatible offerings to help address varied marketplace needs (e.g., grants, no-cost loans, low-cost loans, loans through intermediaries, technical assistance).

Purpose

The Community Development Financial Institution (CDFI) Emergency Assistance Grant Program is a pilot program to make grants to CDFIs to support them to scale up assistance to micro and small businesses negatively impacted by the COVID-19/novel coronavirus ("COVID-19") outbreak. The program will provide much needed flexible support that either could offset incremental operating costs due to a surge in COVID-19 related lending or to enhance the CDFI's loan offerings by buying down interest rates on COVID-19 business loans.

Eligible Applicants:

Under the CDFI Emergency Assistance Grant Program, an eligible applicant must:

- Be a NJ-based Community Development Finance Institution (CDFI) that has been in existence for at least 10 years;
- Demonstrate it is a current CDFI through documentation provided by the U.S. Department of Treasury;
- Complete a simplified debarment legal questionnaire;
- Produce a current NJ Tax Clearance Certificate and be verified in good standing with Department of Labor; and
- Demonstrate the following key factors:

  - Significant experience working with underserved small business segments (additional consideration will be given for experience working on emergency assistance programs);
  - Available capital that could be leveraged in COVID-19-related emergency low-cost and low-interest working capital loans;
  - Significant experience working in communities and business segments underserved by the banking sector and other financial institutions;
  - Quality of a plan that outlines the intended uses of the grant funding that include offsetting an increase in operating expenses associated with the COVID-19 emergency or buying down the cost of funding to allow lower cost loans for COVID-19 emergency loan programs;
  - Quality of a plan that outlines the intended uses of the grant funding, including offsetting an increase in operating expenses associated with the COVID-19 emergency or buying down the cost of funding to allow lower cost loans for COVID-19 emergency loan programs; and
  - Deep experience and focus on small business lending, as evidenced by having a significant portion of the CDFI's lending portfolio be with small businesses (additional consideration will be given for having a portion of its lending portfolio with emergency assistance programs).

Finally, any CDFI that participates in this program is not eligible to participate in the Small Business Emergency Assistance Loan Program.

Grant Amounts

Each eligible CDFI can qualify for up to $250,000 in grant funds; and, will have up to 12 months to utilize their grant funds.

Eligible Uses

The grant funding available through the CDFI Emergency Assistance Grant Program can be used to: support the scale-up of the origination, technical support, and underwriting capacity of these CDFIs, including hiring staff; and allow the CDFIs to buy down interest rates on any COVID-19 related emergency working capital loan, thereby providing impacted businesses with lower-costs and more flexible financing.

Funding Disbursement

Upon approval from the NJEDA, the grant funding will be disbursed to the CDFI. Authority staff will require documentation on a quarterly basis validating the operational expenses or interest buy down for which the CDFI requested the grant disbursement, which may include, but not be limited to: detailed invoices, statements, detailed receipts, or internal financials. A CDFI may receive a grant under this program and also participate in the Community Development Finance Institution (CDFI) Loan Loss Reserve Fund and Small Business Emergency Assistance Guarantee Program.

Application Process

CDFIs will apply for the program through an online application which will include a basic web-form questionnaire, a one to three-page narrative of the CDFI's plans for use of the funds, and disclosure of key financial metrics, such as availability of capital. Other necessary documentation will be identified and requested in the application. Given the urgency of which funding and resources are needed by micro and small-businesses, applications will be reviewed and approved on a rolling basis and the program will be closed once the funding is exhausted.

Fees

Due to financial hardship, no fees will be collected by the Authority for this program.

Additional Information

Additional information on the Community Development Financial Institution (CDFI) Emergency Assistance Grant Program may be found at https://faq.business.nj.gov/en/collections/2198378-information-for-nj-businesses-on-the-coronavirus-outbreak.

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