NJEDA
ECONOMIC DEVELOPMENT AUTHORITY

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PRESS RELEASE

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$10 MILLION NJEDA PROGRAM TO SUPPORT 6 CDFIS PROVIDING LOW-COST FINANCING FOR SMALL BUSINESSES AND NONPROFITS IMPACTED BY COVID-19

TRENTON, N.J. (April 17, 2020) – The New Jersey Economic Development Authority (NJEDA) today announced partnerships with six Community Development Financial Institutions (CDFIs). These partnerships will leverage New Jersey-based CDFIs to provide between $20 million and $30 million in low-cost financing to small and microbusinesses and nonprofits impacted by the COVID-19 outbreak.

"Microbusinesses, nonprofits, and other small businesses that rely on CDFIs for the capital they need to grow are a vital component of New Jersey's economy. They have been hit particularly hard by the COVID-19 outbreak," said NJEDA Chief Executive Officer Tim Sullivan. "These partnerships will allow CDFIs to expand their operations to help more businesses withstand today's challenges and return to full strength as soon as possible."

New Jersey Community Capital (NJCC), UCEDC, Regional Business Assistance Corporate (RBAC), Cooperative Business Assistance Corporation (CBAC), Greater Newark Enterprise Corporation (GNAC), and 1st Bergen Federal Credit Union will be participating in the Authority's new CDFI Emergency Loan Loss Reserve Fund, and all but 1st Bergen Federal Credit Union will also take part in the new CDFI Emergency Assistance Grant Program.

"CDFIs are a crucial player in New Jersey's economy that provide financing to businesses and organizations that are too small to qualify for traditional bank financing," said UCEDC President Adam Farrah. "At a time when so many businesses are suffering and small businesses are at particular risk, the NJEDA's partnerships with CDFIs will be vital to protecting our economy in the short term and laying the foundation for recovery."

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"Under the best of circumstances, business owners in underserved communities still face challenges accessing capital," said NJCC President Wayne Meyer. "As the COVID-19 pandemic continues, we are finding new ways to help the small businesses that are the economic engines of our local communities and neighborhoods. With the help of the NJEDA, we are working together and across sectors so that these enterprises can fight to keep paying their employees and supporting their families."

In March, the NJEDA announced a suite of COVID-19 initiatives focused on businesses that have been most impacted by the novel coronavirus outbreak: local small businesses, mid-size businesses that have had to close or drastically reconfigure operations, and new businesses that were just getting on their feet before the crisis hit. The programs provide a variety of compatible offerings that address these businesses' varied needs and include mechanisms to provide funding and assistance as quickly as possible.

"Northern New Jersey was hit early and hard by the coronavirus outbreak, and we recognize the long road to recovery our small business customers are facing," said Robert Moore, CEO of 1st Bergen Federal Credit Union. "Never has it been more important for us to empower and strengthen our local businesses, and the partnership of the NJEDA will expand our reach deeper into our communities."

"While all small businesses are suffering, minority-led microbusinesses that often cannot access traditional bank financing are having a particularly difficult time weathering the COVID-19 outbreak," said Steven Gomez, Executive Director of GNEC. "During this time, CDFIs are a vital lifeline for these business owners. Working in partnership with the NJEDA will enable us to provide resources to more businesses to help them survive this unprecedented challenge."

The CDFI Emergency Loan Loss Reserve Fund is a $10 million capital reserve fund that the NJEDA will use to take a first loss position on CDFI COVID-related loans that provide low-interest working capital to microbusinesses that have been negatively impacted by the outbreak. The NJEDA will back these loans up to 50% if they default in the future. This will allow the CDFI partners to increase their capacity and participate in more loans, at flexible term and lower interest rates.

"Small businesses are the lifeblood of our communities, providing unique, personal service and job opportunities. South Jersey has been hit particularly hard by the COVID-19 outbreak, and we must help these businesses if we are to emerge from social distancing to the same communities we left in March," said CBAC President and CEO Harry Stone. "CDFIs are an essential resource for these small businesses, and the NJEDA's support during the COVID-19 outbreak will allow us to expand our capacity to serve more business owners and communities."

The CDFI Emergency Assistance Grant Program is a $1.25 million program that will provide five CDFIs grants of $250,000. These grants will help the CDFIs scale their operations due to the high demand for assistance from business owners and buy down interest rates on their loans to offer borrowers more flexible loan terms at lower rates to help small and micro businesses survive during this COVID-19 outbreak.

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"Beyond the valuable services and products they supply, small businesses are also an important driver of economic growth that provide good jobs and support local economies," said RBAC Executive Director William Pazmino. "Ensuring these businesses can survive the COVID-19 outbreak and remain viable as things return to normal will be critical for ensuring a complete recovery. As flexible lenders that can support businesses that do not qualify for traditional financing, CDFIs will be vital during this process. The NJEDA's support will be an important tool for us as we work to help businesses throughout New Jersey survive today's challenges and recover in the future."

The NJEDA's role in these programs is to support participating CDFIs. Businesses and nonprofits seeking financing should contact the CDFIs directly. Comprehensive information about New Jersey's response to the novel coronavirus outbreak is available here: https://covid19.nj.gov/.

About the New Jersey Economic Development Authority
The New Jersey Economic Development Authority (NJEDA) serves as the State's principal agency for driving economic growth. The NJEDA is committed to making New Jersey a national model for inclusive and sustainable economic development by focusing on key strategies to help build strong and dynamic communities, create good jobs for New Jersey residents, and provide pathways to a stronger and fairer economy. Through partnerships with a diverse range of stakeholders, the NJEDA creates and implements initiatives to enhance the economic vitality and quality of life in the State and strengthen New Jersey's long-term economic competitiveness.

To learn more about NJEDA resources for businesses call NJEDA Customer Care at 609-858-6767 or visit https://www.njeda.com and follow @NewJerseyEDA on Facebook, Twitter, and LinkedIn.

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