

Will 2025 Bring Greater Equity Investment and Debt Financing in NJ? NJ Aspire 3.0 aspires to do just that.

January 24, 2025



On January 23, 2025, Governor Phil Murphy enacted significant amendments to the New Jersey Aspire Program by signing Senate Bill 1323/Assembly Bill 2076 into law. The amendments, collectively referred to as “NJ Aspire 3.0” are designed to enhance the program’s effectiveness in stimulating redevelopment projects across New Jersey.

The key revisions in NJ Aspire 3.0 concern project award amounts, eligibility periods, tax credits, eligible project expenses, and occupancy requirements.

- **Increased Project Award Amounts:** Award amounts for eligible projects have been increased to bridge financing gaps more effectively, aiming to attract greater equity investments and facilitate debt financing for redevelopment projects.
- **Reduced Eligibility Periods:** The maximum eligibility period for most projects has been reduced from 15 years to 10 years. For projects located in Government Restricted Municipalities (“GRMs”), this period is further reduced to five years. Under the prior law, only Trenton, Atlantic City, and Paterson were considered GRMs. NJ Aspire 3.0 adds Camden, East Orange, and New Brunswick to the list of GRMs. The adjusted eligibility periods aim to encourage more timely project completion and quicker utilization of the program benefits.
- **Carry Forward Tax Credits:** Purchasers of tax credits can now carry forward unused credits for up to five years, providing greater flexibility in tax planning.
- **State Buyback of Unused Tax Credits:** The state will now buy back unused tax credits and tax credit transfer certificates at 85% of their value, providing a safety net for developers who are unable to utilize or sell their credits. This is an increase from the 75% floor provided by the previous law.
- **Proration of Tax Credits:** The obligation to prorate tax credit awards has been eliminated, a change that applies retroactively to the inception of the New Jersey Aspire Program.
- **Eligible Project Expenses:** Projects in GRMs are now permitted to include land acquisition costs as eligible project expenses, capped at 20% of the total eligible project costs.
- **Occupancy Requirements:** The previous mandate for a 60% occupancy rate has been removed for residential developers and commences in the 4th year of the eligibility period for commercial developers. This eases the compliance burden for residential developers and provides commercial developers with additional time to achieve necessary occupancy levels.

These legislative updates are anticipated to make the New Jersey Aspire Program a more robust tool for closing financing gaps in redevelopment projects, thereby attracting greater equity investments and facilitating debt financing. NJ Aspire 3.0 has the potential to significantly enhance opportunities for real estate developers and investors by incentivizing economic growth and community revitalization across New Jersey. By offering targeted incentives for real estate development projects, the

program aims to attract private investment, support the creation of mixed-use, commercial, and residential spaces, and stimulate job creation, particularly in underserved or high-priority areas. By doing so, NJ Aspire 3.0 aims to enhance the state's economic competitiveness and foster equitable and sustainable growth. Understanding the legal nuances of eligibility and compliance is critical, ensuring developers and investors maximize the program's advantages while adhering to its requirements. Developers and investors in New Jersey's redevelopment sector should review these changes carefully to understand the new opportunities and requirements.