



Market Sound Bites: August 2015

In The News

- The Oil Crash Has Caused a \$1.3 Trillion Wipeout 8/4/2015
- Net Lease Update 8/1/2015
- The Gig Economy 7/28/2015
- Macy's and Other Retailers Are Pressured to Sell the Land Beneath Them 7/17/2015

Economic Development Incentives

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Economic development incentives have created a buzz for the state of New Jersey. Trying to increase the amount of money that comes and stays in the state, it has created UEZ, Grow NJ, New Market Tax Credits, Pilot and “smart growth” programs. Take Smart growth for example, it serves the community, the economy and the environment equally. It attempts to concentrate development into already existing communities when possible. Directing economic activity into places where infrastructure already exists, minimizes the public subsidy necessary to support these activities and reducing the cost to businesses to build facilities, transport goods, connect with suppliers, customers and access employees. There are different programs depending on the type of project. A residential project can receive tax credits up to 20% of total project costs with 10% bonus possible if the project reserves at least 10% of the units for affordable housing. Commercial projects could be reimbursed up to 20 % of total project cost with additional grant funding possible based on the project type.

Companies must meet certain performance goals or they lose their tax credits from these programs. Performance goals such as generating new tax revenues and creating new jobs and capital investments must be met. Revenues must generate 110% of tax credits awarded. Tax credits are not received until the company is able to deliver the performance goals. In the last few years, since the tax credit programs were improved by Christie in 2013, more than \$5 billion in potential tax breaks have been approved.

Other programs were started to cultivate an economic climate for revitalizing designated urban communities and to stimulate growth by encouraging businesses to open and give private-sector jobs through public and private investment. Businesses are given tax and other financial incentives to increase the growth of the companies and local economy. Financial assistance comes from agencies such as the New Jersey Economic Development Authority.

New Jersey will continue to grow as more and more businesses and jobs are created partly due to the incentives that have been put in to place throughout the past few years.

