



Opening Statement
Senate Budget and Appropriations Committee/Assembly Budget Committee
May 7 & 8, 2014

Chairman Sarlo/Schaer, members of the Budget Committee...the New Jersey Economic Development Authority (EDA) appreciates the opportunity to testify today on our efforts to grow New Jersey's economy and support the State's ongoing recovery and rebuilding efforts.

Along with our President and Chief Operating Officer Tim Lizura, who is here with me today, we would like to thank the Legislature for providing the EDA with enhanced economic development tools that have strengthened our ability to advance transformational projects in communities across the state and ensure we are able to compete in the ever-growing global marketplace.

With the Economic Opportunity Act of 2013, you created programs that place extra emphasis on spurring development and private sector job growth in our distressed communities, while also encouraging economic expansion in every region of our state.

As a result of the provisions advanced under the Act, the EDA has seen a dramatic boost in activity under Grow New Jersey, which is now our main job creation and retention program.

Since we began accepting applications for the new incentive approximately six months ago, EDA has already approved 23 Grow New Jersey projects. To put this in perspective, we approved less than that in 18 months under the legacy Grow program.

Even more exciting – these projects represent the private investment of over \$250 million in New Jersey's economy, the creation of over 3,600 construction and permanent jobs, as well as the retention of over 2,580 jobs that were at risk of leaving the state. In total, we're looking at a \$1.5 billion net benefit to New Jersey over the next 20 years.

Of the projects approved, a significant number are located in the southern part of the State, illustrating the Act's broadened geographic reach.

The Act also bolstered our ability to encourage growth in targeted industries, including technology and manufacturing, which together represent nearly 70 percent of projects approved.

With a focus on retaining and creating good jobs for our residents, and strengthening communities through increased private investment, I'm also pleased to share that over 40 percent of projects received bonuses for jobs with salaries higher than the county average; over 40 percent received bonuses for having a large number of new or retained jobs; and, nearly 40 percent received bonuses for excess capital investment.

As the state's key developer incentive program, the enhanced Economic Redevelopment and Growth (ERG) Program was designed to revitalize communities, with a specific focus on stimulating significant economic development in New Jersey's urban centers.

From a major historic renovation project in Newark that will help to foster the intersection of higher education and industry, to projects in Camden and Paterson that will transform vacant and blighted properties into new residential developments, the ERG Program is helping to support projects that will rejuvenate communities and improve the quality of life for residents.

While the Act does not include an employment requirement for residential ERGs, we're pleased that the five projects approved to date involve the creation of an estimated 800 construction jobs, in addition to the injection of an anticipated \$360 million of private investment in Camden, Ewing, Paterson and Newark.

This more recent activity builds on the momentum we have achieved in recent years under the legacy incentive programs. This includes jump-starting the American Dream project, which is bringing thousands of new construction and permanent jobs to the Meadowlands; and, retaining a South Jersey staple with Burlington Coat Factory's decision to build its new headquarters in Florence.

As the agency charged with administering these tax incentive programs, I am proud of the diverse range of projects and businesses we have been able to support, and equally proud that the EDA manages these programs with the utmost due diligence and in strict compliance with the statutes you have advanced.

This includes conducting a comprehensive net benefit analysis to ensure that projects receiving an incentive will result in a net positive impact to New Jersey, and requiring that projects first generate new tax revenue, complete capital investments, and/or hire or retain employees to receive the approved benefits.

We thank you again for creating programs that are truly making a difference across this State.

In addition to our traditional economic development focus, the EDA remains committed to supporting the recovery and rebuilding of our impacted small businesses and communities under the Stronger NJ Business programs, which are funded through New Jersey's Community Development Block Grant Disaster Recovery allocation.

Last year, the EDA introduced three finance programs to support this effort, including the Stronger NJ Business Grant Program, Stronger NJ Business Loan Program and the Stronger NJ Neighborhood and Community Revitalization (NCR) Program.

Through the end of April, EDA has approved over \$48.5 million to support more than 440 small businesses through the Grant and Loan programs.

We remain committed to moving applications forward and getting help to all eligible businesses as quickly as possible, while also ensuring the integrity of the taxpayer dollars funding these programs.

In recognition of stringent federal regulations that have resulted in a complex application process, the EDA has hosted more than 50 workshops during which over 600 businesses met face-to-face with business advisors.

With the majority of outstanding applications requiring action from the businesses, this month we will be inviting applicants to one-one-one meetings with business advisors in their respective communities. This will help expedite the process and ensure that additional burdens are not placed on the businesses.

It is worth noting that, where HUD has allowed, we have made several changes to the process to make it easier for applicants; one of the most significant changes is a “team approach” with our business advisors.

As of mid-February, each applicant was assigned a team of two business advisors, with one focused on gathering required documents and providing the initial review, and the second serving in an underwriting capacity, looking deeper at financials. This means that an additional resource is always available to applicants when they need assistance.

We have also reduced the amount of documentation required to begin the review process; began targeting expenses that can be processed for reimbursement most rapidly; and, further reduced the burden on our applicants by leveraging federal partnerships to verify funding information.

Through the NCR Program, we have recommended approval for the total \$10 million allocation that was designated for “streetscape” projects, supporting rebuilding efforts in the communities of Asbury Park, Atlantic City, Belmar, Highlands, Hoboken, Keansburg, Long Branch, Margate, Neptune, Sea Isle City and Toms River.

An additional \$2.5 million from the NCR Program is helping to extend the state’s reach to underserved communities and businesses with the award of \$500,000 grants to five Community Development Financial Institutions. These local not-for-profit economic development organizations will use the funds to boost the capacity of their lending programs aimed at supporting small businesses in the nine most impacted counties.

A total of \$52.5 million was allocated under the NCR Program to advance development and public infrastructure projects. Of this, \$5 million has been awarded to Seaside Park and Seaside Boro for demolition and debris removal following the devastating boardwalk fire.

The EDA is in the midst of undertaking an objective review and scoring process to determine project approvals and funding levels for the remaining \$47.5 million. Through this process, priority will be given to applications from low-to-moderate income areas.

Moving forward in 2014, the EDA will continue to advance our core mission of job creation and economic growth, and work to ensure that our storm-impacted businesses and communities are able to rebuild stronger than before.

Thank you for the opportunity to testify today. I am happy to answer any questions you may have.