



**Empire State
Development**



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ESD GRANT FUNDS

5/15/2023

ESD Grant Funds

\$150 Million Capital Grant Funding

Available in Round 13

Eligible Applicants

- For-profit Businesses
- Not-for-profit corporations*
- Business Improvement Districts
- Local development corporations
- Public benefit corporations (including industrial development agencies)
- Economic development organizations
- Research and academic institutions
- Incubators
- Technology parks
- Municipalities
- Counties
- Regional planning councils
- Tourist attractions
- Community facilities

**If awarded funding, prior to ESD Directors' approval and execution of a contract with ESD, a not-for-profit corporation must be registered and up-to-date with filings with the New York State Office of the Attorney General's Charities Bureau and the New York State Office of the State Comptroller's VendRep System and must be prequalified in the New York State Grants Gateway.*

Program Objectives and Requirements

- \$150 Million of capital grant funding from the Regional Council Capital Fund is available to support the State's Regional Economic Development Council Initiative, which helps drive regional and local economic development across NYS in cooperation with the 10 Regional Economic Development Councils.
- Capital grant funding is available for capital-based economic development projects intended to create or retain jobs; prevent, reduce or eliminate unemployment and underemployment; and/or increase business or economic activity in a community or Region.
- Applicants are strongly encouraged to reach out to their ESD Regional Office to discuss their project prior to submitting an application.
- Grant requests must be for at least \$50,000.
- Funding is available on a rolling competitive basis throughout the year until funds are exhausted.
- Assistance generally falls into three categories:
 - Business Investment
 - Economic Growth
 - Strategic Focus Areas

Program Objectives: Project Categories

- **Business Investment:**
 - Capital expenditures that facilitate an employer's ability to create new jobs or to retain jobs in New York State that are otherwise in jeopardy.
 - Five-year job commitments.

- **Economic Growth Investment:**
 - Capital expenditures that foster economic growth through cultural activity, higher education activity, agribusiness initiatives, other local or regional initiatives, planning or feasibility studies relating to a specific capital project or site, improvements to facilities in distressed areas, commercial revitalization activities in central business districts or commercial strips, or other projects that may not have direct job creation goals.
 - Economic growth investments will be looked upon favorably for projects that will:
 - provide direct job commitments
 - support strategic community development investments within downtown areas which foster the principals of the Downtown Revitalization Initiative
 - support innovative public-private partnerships which leverage unique regional assets to advance the regions' economic development strategies

Program Objectives: Project Categories

➤ Strategic Focus Areas (potential for enhanced incentives):

- Projects that Support Green Buildings & Sustainable Development
 - Projects that will significantly reduce greenhouse gas emissions through sustainable building practices. Instances of sustainable building practices include but are not limited to achieving net zero or near zero emissions, obtaining LEED certification (Silver or higher), electrifying space and water heating systems, reusing buildings and/or building materials and incorporating significant energy savings measures.
- Childcare Projects
 - Despite record investments in childcare, many New Yorkers still struggle to access high quality childcare. Focusing on projects that will improve access to quality childcare and build additional capacity in the number of childcare offerings available will help strengthen the state's economy and address challenges that affect the business community.
- Projects located in a Distressed Area
 - Support projects in economically distressed communities to encourage investment and spur economic growth in these communities. Strong projects in this area will be able to demonstrate a community and economic benefit as a result of the project or demonstrate the populations that will benefit from the project.

Eligible Project Costs

Grant Funds may be used for:

- Acquisition of land, buildings, machinery and/or equipment;
- Demolition and environmental remediation;
- New construction, renovation or leasehold improvements;
- Acquisition of furniture and fixtures;
- Commercial portion of mixed use projects;
- Soft costs of up to twenty-five percent (25%) of total project costs; and
- Planning and feasibility studies related to a specific capital project or site.

Ineligible Project Costs

Ineligible Activities Include:

- Developer fees;
- Training;
- Residential only development projects, although program funds may be used for the commercial component of a mixed-use project;
- Medical / hospital development projects although medical research facility projects will be considered for funding;
- Retail development projects;
- Block grant projects or revolving loan funds;
- Home based service provider projects;
- Overhead and indirect costs associated with the day to day operations of the eligible entity, including but not limited to:
 - Marketing or advertising media costs;
 - Events;
 - Costs associated with completing an application;
 - Costs incurred prior to the submission and award of a grant, actual or anticipated; and
 - Other costs / expenditures deemed ineligible by ESD.

Other Information

- A commitment to undertake the project should not be made, and expenses should not be incurred, prior to award announcement.
- Applicants should apply for the necessary amount of funding needed to incentivize the project to occur and request the amount of funding needed to complete their project vs. the maximum amount they may be eligible for. The likelihood of receiving an award improves as the percentage of ESD assistance is reduced and private investment or other sources are better leveraged. A strong emphasis will be placed on project readiness along with the applicant having the capacity to complete the project if awarded.
- Generally, applicants applying for funding under the business investment or economic growth program categories will generally not be considered for more than twenty percent of the financing for any particular project based on the eligible total project cost. A strong emphasis will be placed on projects that encompass one or more of the strategic focus areas and these projects may be considered for up to forty percent of funding towards the eligible total project costs. While projects may be eligible for up to a certain percentage of funding, the likelihood of an award increases based on the strength of the project, economic benefits of the project in relation to similar projects and leveraging other sources vs. ESD assistance.
- ESD requires that the Applicant contribute a minimum of ten percent (10%) of the total project cost in the form of equity contributed after the Applicant's acceptance of ESD's incentive proposal.
 - Equity is defined as cash injected into the project by the Applicant or by investors and should be auditable through the Applicant's financial statements or accounts, if so requested by ESD. Equity cannot be borrowed money secured by the assets in the project or grants from a government source.

Other Information

- The Applicant must always disclose whether it is pursuing or intends to pursue multiple ESD funding sources, including grants, loans and tax incentives.
- Notice of a funding award will be given initially in an award letter, which is followed by an incentive proposal outlining the terms of the award. The award is subject to approval of the ESD Directors and compliance with applicable laws and regulations.
- All Applicants will be requested to certify and agree that any decrease in the scope of work described in the Applicant's final CFA submission including, but not limited to, total project costs, jobs retained, and jobs created, may result in ESD's reduction of the award, in ESD's sole discretion, in an amount proportionate to any such decrease.
- All Applicants will be requested to certify and agree that any expansion of the scope of work described in the Applicant's final CFA submission including, but not limited to, total project costs, jobs retained, and jobs created, will not result in the increase of the award by ESD.
- Please note that awarded grants are transferable at the sole discretion of ESD.
- A \$250 application fee (due when incentive proposal is signed) and one percent (1%) commitment fee based on the grant amount awarded (due after ESD Directors' approval, which usually occurs at project completion) will be assessed to all awardees.

Other Information

- Although funding is offered prior to project commencement as an inducement to undertake the project, funds are disbursed in arrears, as reimbursement for expenses undertaken.
- Please note that ESD's agency-wide MWBE utilization goal is 30%. Each project will be assigned an individual contract-specific goal, which may be higher or lower than 30%.
- In 2014, the Service-Disabled Veteran-Owned Business Act was signed into law. The new law created the Division of Service-Disabled Veterans' Business Development in Office of General Services to certify, promote and encourage economic development among disabled veterans throughout the state. Project Applicants are urged to work with Service-Disabled Veteran-Owned Businesses (SDVOBs) and a directory can be found at <https://ogs.ny.gov/Veterans>.
- A public hearing is required if the project involves the acquisition, construction, reconstruction, rehabilitation, alteration or improvement of any property.
- The Awardee will be obligated to pay for out-of-pocket expenses incurred by ESD in connection with the project, including, but not limited to, expenses related to attorney fees, appraisals, surveys, title insurance, credit searches, filing fees, public hearing expenses and other requirements deemed appropriate by ESD.

Other Information

- Grant funds will be subject to pro rata recapture if property is sold within 5 years of disbursement of funds.
- Projects generally are presented to the ESD Directors once all project expenditures have been undertaken and disbursement of ESD assistance is sought.
- All required public approvals must be in place prior to the start of construction and approval by the ESD Directors, including State Environmental Quality Review (SEQR) and consultation with the State Historic Preservation Office, if applicable.
- Projects having a hotel as a principal function will be required to demonstrate compliance with Section 2879-b of Public Authorities Law regarding labor peace if funding is awarded.
- For projects with job creation and/or retention, job numbers will be verified using the employer's NY-45 and NY-45 ATT and/or payroll reports prior to disbursement of funds and annually thereafter through the required reporting period.

ESD Grant Funds

For more information, eligible Applicants should contact their local Empire State Development Regional Office.

A complete list of the ESD Regional Offices can be found at:

<http://esd.ny.gov/RegionalOverviews.html>