

# WITHDRAWAL SHEET

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**Date:** 4/2/04

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1: Memo	From Kumiki Gibson for Lloyd Cutler re: Community Empowerment, 1p	4/6/94	P5
2. Memo	From Lee P. Brown for V.P., Carol Rasco, Bob Rubin re: Community Empowerment Initiatives, 2p	8/30/93	P5
3. Fax cover	From Paul Richard For Bruce Lindsey, 1p	9/93	P5
4. Memo	From V.P., Carol Rasco, Bob Rubin for POTUS re: memo establishing Community Enterprise Board, 1p	9/4/93	P5
5. Memo	For V.P., et al., draft memo, 4p	9/9/93	P5

### RESTRICTIONS

**P1** National security classified information [(a)(1) of the PRA].

**P2** Relating to appointment to Federal office [(a)(2) of the PRA].

**P3** Release would violate a Federal statute [(a)(3) of the PRA].

**P4** Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].

**P5** Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].

**P6** Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

C. Closed in accordance with restrictions contained in donor's deed of gift.

**B1** National security classified information [(b) (1) of the FOIA].

**B2** Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].

**B3** Release would violate a Federal statute [(b)(3) of the FOIA].

**B4** Release would disclose trade secrets or confidential commercial financial information [(b)(4) of the FOIA].

**B6** Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].

**B7** Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].

**B8** Release would disclose information concerning the regulation of financial institutions [(b)(9) of the FOIA].

**B9** Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

## THE WHITE HOUSE

WASHINGTON

May 27, 1994

MR. PRESIDENT:

The attached is a memo from Carol Rasco, Bob Rubin and Jack Quinn seeking your approval for a process of designating Empowerment Zones and Enterprise Communities from among some 700 expected applicants.

The memo outlines the following basic process, designed to be completed by mid-September: (i) HUD and USDA screen all applications to come up with a list of some 200 that are "most viable"; (ii) each agency, as well as staff for the Chair (the Vice President) and Vice Chairs (Rasco and Rubin) of the Community Enterprise Board, review the "most viable" list; (iii) after getting input from these evaluations, HUD and USDA select 30-40 urban and rural first round finalists; (iv) the full Board meets to make final recommendations for Empowerment Zones; (v) HUD and USDA make final decisions for the 9 Empowerment Zones followed by a first round of Enterprise Community designations; (vi) a second round of finalists are then considered, using the same procedures, for the rest of the 95 EC slots.

I have circulated the memo to relevant staff and no one objects.

Approve Disapprove Discuss 

*[Signature]*  
Todd Stern

THE WHITE HOUSE  
WASHINGTON

May 26, 1994

94 MAY 26 P2:02

## MEMORANDUM FOR THE PRESIDENT

THROUGH: THE VICE PRESIDENT

FROM: CAROL RASCO  
ROBERT RUBIN  
JACK QUINNSUBJECT: EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES  
DESIGNATION PROCESS

## I. ACTION-FORCING EVENT

The Empowerment Zones/Enterprise Communities application process began on January 17, 1994. Thus far, over 700 communities across the country have informed HUD and USDA that they intend to apply for an EZ/EC designation. The deadline for submission of applications is June 30, 1994, at which time the selection process for the 9 Empowerment Zones (EZ) and 95 Enterprise Communities (EC) will begin. While the formal selections are to be made by the Secretaries of HUD (for urban areas) and Agriculture (for rural areas), in September, 1993 you created the Community Enterprise Board ("Board") and required the Secretaries to consult with the Board prior to making the selections. The Board is comprised of the heads of 15 federal agencies, chaired by the Vice President and vice-chaired by Carol Rasco and Bob Rubin. We have developed a process for implementing this consultation process and are submitting it to you now for your review.

## II. OVERVIEW OF PROPOSAL

HUD and USDA would screen all applications to winnow the initial pool down to a manageable number, say 200, of the "most viable" applications. This screening would be based on the eligibility and selection criteria articulated in the EZ/EC application materials. HHS would work with HUD and USDA to ensure that all applications are screened for compliance with requirements regarding the Title XX Social Services Block Grants.

Each agency will be required to review those applications in the "most viable" class that include programs or strategies falling within the agency's jurisdiction, using an evaluation form developed by HUD and USDA. Agency reviewers would be directed to decide whether they would grant program funding and waiver requests that fall within their jurisdiction. Staff for the Chair and Vice Chairs of the Community Enterprise Board would also review the "most viable" applications.

After considering the agencies' evaluations and the input of the Chair and Vice Chairs, HUD and USDA would then select approximately 30 to 40 urban and rural first round finalists. The entire Board would then meet to make recommendations as to which of the first round of finalists should be designated as EZs. After considering the Board's recommendations, HUD and USDA, in accordance with their statutory authority, would make the final decision on the EZ designations, followed by decisions on a first round of EC designations. A second round of finalists would be considered, using the same procedures, for the remaining EC slots.

We hope to complete this process by mid-September. The actual announcements of the EZ/EC designations could be scheduled shortly thereafter. To mitigate the tensions surrounding the designations of EZs, we intend to work hard to ensure that, in addition to the EZ designations, the EC designations include valuable program investments. In particular, we would like to announce a number of enhanced ECs with large amounts of additional investments.

### III. DISCUSSION

The proposal has the following advantages:

Input from the Board: It would ensure that each agency on the Board has an adequate opportunity to evaluate and consider program usages, strategies and waiver requests contained in EZ/EC applications that are within the agency's jurisdiction. This will help ensure that each community designated as an EZ/EC will receive a viable package of federal resources and waiver approvals. In addition, there will be review and input by the OVP, DPC, NEC, CEA and OMB, all of which are represented on the Board.

Standards to ensure the longterm success of the program: In order to win, an application would be required to meet baseline eligibility criteria and selection standards that emphasize indicia of potential success. The Empowerment Zone initiative is going to draw close scrutiny from Congress and the press. If the initiative is not perceived as a success in the long term, it will hamper our ability to marshal additional resources for distressed communities.

Balanced Discretion: Although the agency reviewers would be asked to consider objective standards, the proposal allows HUD, USDA and the overall Board to consider additional factors, like geographic diversity, vision, and innovativeness.

Fairness: The proposal should ensure a fair process that will limit charges of political favoritism. As with other competitive grant programs, any records that are produced by this process will be subject to inspection by the General Accounting Office, relevant Congressional committees, and, possibly, the general public. In addition, applicants that do not win will demand reasons. The proposal will result in documentation that demonstrates that all winners met the selection criteria.

**IV. DECISION**

We wanted you to be aware of the proposed process and receive any comments you may have before moving forward. Please advise.

Approve

Approve with Comments

Discuss Further

Revised version for Carol to review before we circulate to Political types in the WH next week. Please give comments to Paul W.

**DRAFT**

Sent Email 5/9  
OK.

May 6, 1994

MEMORANDUM FOR THE PRESIDENT

THROUGH: THE VICE PRESIDENT

FROM: CAROL RASCO  
ROBERT RUBIN  
JACK QUINN

SUBJECT: EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES  
DESIGNATION PROCESS

file unless  
Paul indicates  
he wants  
this back.  
CH

I. ACTION-FORCING EVENT

The Empowerment Zones/Enterprise Communities application process began on January 17, 1994. The deadline for submission of applications is June 30, 1994, at which time the selection process for the 9 Empowerment Zones (EZ) and 95 Enterprise Communities (EC) will begin. While the formal selections are to be made by the Secretaries of HUD (for urban areas) and Agriculture (for rural areas), in September, 1993 you created the Community Enterprise Board ("Board") and required the Secretaries to consult with the Board prior to making the selections. We have developed a process for implementing this consultation process and are submitting it to you now for your review.

II. BACKGROUND

The Board is comprised of the heads of 15 federal agencies, chaired by the Vice President and vice-chaired by Carol Rasco and Bob Rubin. At the first meeting of the Board, on February 2, 1994, the Vice President charged the staff with developing an interagency consultation process. A draft memorandum outlining the process and related issues is attached. It was developed in consultation with HUD, USDA and HHS (because of HHS' role in administering the social services funds available under this program). It has not yet been shared with the entire Board.

Thus far, over 650 communities across the country have informed HUD and USDA that they intend to apply for an EZ/EC designation. We expect a total of as many as 800 applications.

Many communities have begun to request meetings to discuss their applications. Although we have asked White House Counsel to provide us with guidance on appropriate

procedures for such contacts at the staff level, we strongly recommend that neither you nor the Vice President agree to any such visits for the practical reason that, if you agree to one, you will be compelled to do many, many more.

### III. OVERVIEW OF PROPOSAL

HUD and USDA would prescreen all applications to winnow the initial 800 or so applications down to a manageable number, say 200, of the "most viable" applications. The pre-screening would be based on the eligibility and selection criteria articulated in the EZ/EC application materials. HHS would review all applications for compliance with requirements regarding the Title XX, Social Services Block Grants.

All the agencies on the Board would then be required to review the "most viable" class of applications, using an evaluation form developed by HUD and USDA. Agency reviewers would be directed in particular to deciding whether they would grant program funding and waiver requests that fall within their jurisdiction.

After considering the agencies' evaluations, HUD and USDA would then select approximately 30 to 40 urban and rural first round finalists. The Board would then meet to make recommendations as to which of the first round of finalists should be designated as EZs. After considering the Board's recommendations, HUD and USDA would make the final decision on the EZ designations (as is required by statute). The remaining first round finalists would receive EC designations and a second round of finalists would be considered, using the same procedures, for the remaining EC slots.

We hope to complete this process by mid-September. The actual announcements of the EZ/EC designations would be scheduled shortly thereafter. To mitigate the tensions surrounding the designations, we intend to work hard to ensure that, in addition to the EZ designations, the EC designations include valuable program investments. We would like to announce a number of enhanced ECs with large amounts of additional investments.

### IV. DISCUSSION

The proposal has the following advantages:

- Input from the Board: It would ensure that each agency on the Board has an adequate opportunity to evaluate and consider (1) the submitted strategic plans; (2) program usages and strategies contained in EZ/EC applications that are within the agency's jurisdiction; and (3) waiver requests within the agency's jurisdiction. This will help ensure that each community designated as an EZ/EC will receive a viable package of federal resources and waiver approvals. In addition, there will be review and input by the OVP, DPC, NEC, CEA and OMB, all of which are represented on the Board.
- Standards to ensure the longterm success of the program: In order to win, an application would be required to meet baseline eligibility criteria and selection standards that emphasize indicia of potential success. The Empowerment Zone

initiative is going to draw close scrutiny from Congress and the press. If the initiative is not perceived as a success in the long term, it will hamper our ability to marshal additional resources for distressed urban and rural communities. It will be important, therefore, to select applicants on the basis of a process that requires true community participation; the commitment of resources from state, local and private sources; the know-how to be successful; and an implementation team that is committed to following through with the strategic vision.

- **Some Discretion:** Although the agency reviewers would be asked to consider objective standards, the proposal allows HUD, USDA and the overall Board to consider additional factors, like geographic diversity, vision, and innovativeness.
- **Fairness:** The proposal would ensure a fair process that will limit charges of political favoritism. As with other competitive grant programs, any records that are produced by this process will be subject to inspection by the General Accounting Office, relevant Congressional committees, and, possibly, the general public. In addition, applicants that do not win will demand reasons. The proposal will result in documentation that demonstrates that all winners met the selection criteria.

The major disadvantage of this process is that it limits discretion. It is designed to award empowerment zones to communities that have strong, innovative strategic plans. With only nine empowerment zones to designate, there will be considerable pressure, particularly as our legislative priorities come to a vote and the fall elections approach, to weigh strongly other factors.

#### IV. CONCLUSION

We wanted you to be aware of this proposed process and receive any comments you may have before moving forward.

Comments:

DRAFT 5/6/94

**DRAFT**

May 6, 1994

MEMORANDUM FOR COMMUNITY ENTERPRISE BOARD

FROM:

SUBJECT: DRAFT FOR EZ/EC DESIGNATION PROCESS

At the first meeting of the Community Enterprise Board (Board), the staff was asked to make recommendations as to how the Empowerment Zones (EZ) and Enterprise Communities (EC) designation process should be structured to ensure an efficient process that enables all agencies represented on the Board to have adequate input. This memorandum sets forth a proposed framework for such a process.

**I. OVERVIEW OF PROCESS**

HUD and USDA would prescreen all applications to winnow the initial 800 or so applications down to a manageable number, say 200, of the "most viable" applications. The pre-screening would be based on the eligibility and selection criteria articulated in the EZ/EC application materials. HHS would review all applications for compliance with requirements regarding the Title XX, Social Services Block Grants.

All the agencies on the Board would then be required to review the "most viable" class of applications, using an evaluation form developed by HUD and USDA. Agency reviewers would be directed in particular to deciding whether they would grant program funding and waiver requests that fall within their jurisdiction.

After considering the agencies' evaluations, HUD and USDA would then select approximately 30 to 40 urban and rural first round finalists. The Board would then meet to make recommendations as to which of the first round of finalists should be designated as EZs. After considering the Board's recommendations, HUD and USDA would make the final decision on the EZ designations (as is required by statute). The remaining first round finalists would receive EC designations and a second round of finalists would be considered, using the same procedures, for the remaining EC slots.

We hope to complete this process by mid-September. The actual announcements of the EZ/EC designations would be scheduled shortly thereafter. To mitigate the tensions surrounding the designations, we intend to work hard to ensure that, in addition to the EZ designations, the EC designations include valuable program investments. We would like to announce a number of enhanced ECs with large amounts of additional investments.

## II. ISSUES REGARDING DESIGNATION PROCESS

The following issues have been raised by Board members and staff regarding the designation process:

- **Inclusion of all agencies.** The September 30, 1993 Presidential Memorandum that created the Board requires HUD and USDA to consult with the Board regarding the EZ/EC designations. Members agree that we need to create a process that ensures that each agency represented on the Board has an adequate opportunity to evaluate and consider (1) the submitted strategic plans; (2) program usages and strategies contained in EZ/EC applications that are within the agency's jurisdiction; and (3) waiver requests within the agency's jurisdiction.
- **Input from and negotiation with applicants.** Some Board members have recommended that we give each EZ/EC applicant an opportunity for a face-to-face encounter with the Board or the Designating Secretaries so that applicants feel they have had a full and fair opportunity to present their plan. Some Board members have suggested that we have public site visits during the application or designation process. Others have expressed concerns that such public encounters may create political difficulties. All agree that we will need to consult with finalists on necessary adjustments to their strategic plans.
- **Maintaining Objectivity and Discretion.** All of the Board members agree that we need a process that ensures that all finalists meet the objective criteria set forth in the application while allowing some degree of discretion for other considerations, such as geographic diversity.
- **Timing.** In order to be able to demonstrate some early success, we need an efficient process that allows us to begin to designate a substantial number of EZs/ECs by September, 1994 (although we may decide to defer all or many of the announcements until a later date).
- **Input from Outside Experts.** Some Board members have suggested that we consider using a panel of outside experts to help screen applications.
- **Agency Review, Staffing and Decisions on Programs and Waivers.** To ensure consistency and high-quality review, some have suggested an interagency orientation team to provide initial guidance to agency reviewers about the goals of the initiative. Each agency will also be required to devote or detail adequate staff to the review process. (In the EZ/EC Application, we commit to considering the waiver requests of all applicants, whether or not the applicant is designated.) We also need to have as much certainty as possible about agency decisions regarding individual program and waiver requests prior to making a final EZ/EC designation.

- **Technical Assistance.** Some Board members have also suggested that we try to arrange for foundations and other non-governmental organizations to provide technical assistance to EZ/EC applicants. Questions have also been raised regarding the extent of technical assistance that ought to be provided by HUD, USDA and other agencies during the application process.
- **Post-Designation Implementation.** Some members have suggested that we should have interagency implementation teams and/or a coordinating mechanism at the regional level, like the State Rural Development Councils, that would help the designated communities follow-through with implementation and provide the local coordination necessary to help communities realize their strategic vision. One foundation has suggested that designated communities be required to go through an additional 3-4 month planning period to ensure appropriate implementation.
- **Announcement of a "Third Tier" of Designations.** Some Board members and staff have stressed the need to mitigate tensions by announcing an intention to have a "third tier" of designations. With waivers and priority consideration for discretionary funding, for example, we could provide for such a third tier, without seeking further resources from Congress.
- **Evaluation.** Finally, some members have suggested that a third-party evaluator be selected to conduct a thorough evaluation of the EZ/EC initiative.

### III. RECOMMENDATIONS

**A. Prescreening for "Most Viable" Applications.** Based on the level of interest to date, we expect to receive at least 600 and perhaps as many as 800 applications for the 104 EZ/EC slots. Because of this volume, we believe the only realistic approach to interagency consultation is to have HUD and USDA pre-screen the applications and present a manageable number of "most viable" applications to the agency staff and then to the Board for review.

We recommend the following general approach. HUD and USDA would develop their own procedure to screen for a target class -- say 200 -- of the "most viable" applications. While HUD and USDA may not use identical screening criteria, they will coordinate with each other to ensure consistency in criteria and process. HHS would review all applications for compliance with Title XX requirements.

All other agencies willing to invest the time would be allowed to review all of the submitted applications and make recommendations to HUD and USDA about which applications should be placed in the "most viable" class. (HUD and USDA would make the documents available for review at their respective buildings.)

**B. Screening for Finalists.** HUD and USDA will also develop a process for selecting a first round of approximately 30 to 40 urban and rural finalists from the "most viable" class. These first round finalists will have been adjudged, based upon their strategic plans, to be qualified to receive either an EZ or EC designation.

Each agency will be required to review all applications in the "most viable" class. Each agency must designate a team of reviewers for this purpose, and HUD and USDA will coordinate the orientation of all agency reviewers.

To enable review by the agencies, HUD and USDA will develop a form or process by which agency reviewers will record their evaluations of each application. The form or process will allow for each agency to identify relevant strengths and weaknesses of each application and submit a narrative description of any concerns any agency may have with the plan, waiver requests or other program proposals.

This process would specifically require each agency to give, to the extent permissible, a preliminary indication as to whether the agency would grant, deny or amend the applicant's proposed uses of agency-administered funds (i.e., proposed uses of programs listed in the menu of federal programs). At an appropriate point to be determined by HUD and USDA, a decision on waiver requests would also be required. (See part E on waiver approvals, below.)

**C. Presenting Finalists to the Board.** Based upon the agencies' input and their own judgment, HUD and USDA would select approximately 30-40 first round finalists, from which the nine EZs would be selected.

HUD and USDA would then present these first round finalists to agency staff, along with any significant changes that might be needed in an applicant's strategic plan. The agency staff would then offer responses. HUD and USDA would then present the finalists to the Board. The Board would then meet to make recommendations as to which of the first round finalists should be designated as EZs. After considering the Board's recommendations, HUD and USDA would make the final decision on the EZ designations (as is required by statute). The remaining first round finalists would receive EC designations.

These procedures would then be repeated to select a second round of finalists from among the "most viable" class, for the remaining EC slots. The second round of finalists would also be presented to the Board for consultation. Our goal would be to have the selection process completed by the end of the fall, although this goal would not necessarily be stated publicly.

**D. Consultations with Applicants and Outside Review.** If necessary, HUD and USDA and other funding agencies may have discussions with finalists to clarify any open issues and discuss any needed adjustments and performance agreements, particularly regarding total population requirements, proposed program uses or waivers. HUD and USDA will

coordinate all discussions and, prior to such meetings, will consult with other agencies to confirm what program funds each agency is able to grant (or is inclined to grant) in support of the finalist's strategic plan. These consultations should also address specifics of any adjustments agencies would need in order to meet an applicant's program request, to the extent that these agencies can provide such information.

Given the number of expected applicants, we do not believe there will be sufficient time to conduct publicized hearings or site visits prior to designation, as such public forums would almost certainly create an obligation to visit with all applicants. The anticipated consultations with finalists, as described above, however, may involve confidential site visits by agency officials. These consultations should provide agency officials with the opportunity to clarify any concerns they have about an application and to obtain an accurate assessment of a strategic plan.

We also doubt that there will be sufficient time to allow outside experts to review the applications. Further, such outside reviews raise legal and other concerns.

**E. Waiver Approvals and a "Third Tier."** Except in extraordinary circumstances, all waiver requests made by applicants regarding program regulations should be decided upon prior to any EZ or EC designation. As HUD and USDA screen for finalists, they will submit program waiver requests to the relevant individual agencies. Agencies will be expected to respond within ten days of receiving such requests with their decision or a statement of extraordinary circumstances as to why a decision cannot be made at that time. (This provision does not apply to applications to conduct demonstrations with eligibility and benefit provisions of the Social Security Act.)

We believe that the process for approving waiver requests of applicants that are not selected for EZ/EC designations should be deferred until after the EZ/EC designations are completed. Applicants should be told that we will begin the process of working with communities on their waiver strategies after the EZ/EC designations are announced.

The inter-agency EZ/EC Working Group will develop a proposed process for responding to this remaining "third tier" of applications and present it to the Board for review later this spring. Because numerous applicants have complained that they will not have had sufficient time to develop comprehensive applications by the June 30 deadline, we believe it may be wise to clarify our intentions regarding granting waivers or other resources for a third tier of designations, in advance of the June 30 deadline. This may also help to defuse competitive pressures.

**F. Designation Announcements.** Decisions regarding the timing of announcing the EZ/EC designations should be made independent of this proposed selection process.

We would expect, however, that at the time an individual designation is announced,

the announcement would include substantial specifics about what agency program commitments are being made to the designated community -- e.g., SBA One Stop Capital Shop, Fannie Mae partnership investments, Commerce National Information Infrastructure Grant, and DOL One Stop Career Center. This will be especially important for the ECs, in order to debunk contentions that the ECs are not valuable.

**G. Technical Assistance.** The agency staffs are in agreement that all agencies should do everything possible to respond to requests for information and assistance from applicants. HUD, USDA, and Justice are now part of the Community Empowerment Internet, which will allow applicants to submit inquiries by computer and to access basic "Q&A" and other information about the EZ/EC process. HUD and USDA are developing a master list of agency contacts to distribute to applicants and a list of outside entities, particularly foundations, that have committed to provide resources and technical assistance to EZ/EC applicants. In addition, HUD and USDA have made the list of applicants (who have filed a notice of intent) available to foundations, other organizations and all the Board Members in order to facilitate technical assistance to applicants. Fannie Mae, for example, is conducting eight intensive technical assistance workshops around the country to provide EZ/EC applicants explicit instruction on how to enter into partnerships modeled on their HouseOakland initiative.

**H. Post-Designation Implementation.** HUD has committed to devote one full-time field staff person for each urban EZ and one full-time staff person for every three urban ECs. USDA will also be devoting field staff to the initiative. These field staff will work on a day-to-day basis with their designated communities to ensure speedy implementation of the strategic plan and quick federal response to any problems or issues that arise.

Upon designating an EZ or EC, we would like each agency on the Board to identify a key contact person in the relevant field office who will be committed to working as part of a local, interagency implementation team that will meet regularly with the designated community to assist in implementation and problem solving. To ensure that the Board provides a rapid, coordinated federal response to local problems for designated EZs and ECs, we would like each EZ and EC to have an "ombudsman" at the federal level and would like each agency to take on the ombudsman role for one EZ and a number of ECs. Acting as the ombudsman for its assigned EZ and ECs, each agency would be knowledgeable about their designated communities' strategic plan and would help to solve any federal-level problems their designated communities face. The Community Enterprise Board would meet regularly at the ombudsman level to facilitate cross-agency coordination and cooperation for all communities.

We would like each cabinet secretary to be personally involved in seeing to it that his or her agency is fulfilling its ombudsman role. Each cabinet secretary would be responsible for ensuring regular site visits from Washington officials and regular contact with the local interagency implementation teams for the communities for which their agencies are serving as

ombudsman. These are initial ideas on post-designation. We welcome additional suggestions. The ombudsman role would be a supplement to the administrative oversight that HUD and USDA would provide for the initiative.

**I. Evaluation.** The Departments of HUD and USDA will contract with a third-party evaluator to assess key aspects of the empowerment zone program. In particular, the contractor will review key elements of empowerment zone and enterprise community strategic plans to identify elements that have worked and could be replicable in other communities across the nation. The evaluator will also examine the implementation of strategic plans to identify methods that have been particularly successful and could serve as models for future efforts. At this juncture, no decisions have been made as to the precise design of the evaluation or who the evaluator will be. We welcome your input and suggestions. HUD and USDA will present more detailed plans regarding evaluation at a later date, at which time all Board members will have an opportunity to comment.

### III. CONCLUSION

Because the Board is comprised of 15 agencies and departments, any form of collaboration is going to be labor- and time-intensive. We believe that the above-described framework strikes a good balance that will allow agencies to have full input into the process without overly taxing their resources. If this general framework is acceptable to the Board, HUD and USDA will proceed with developing the details of the process.

THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 1-5  
LISTED IN THE WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

September 1, 1993

*Put up the  
folder on  
this issue.*

MEMORANDUM FOR: The Vice President  
Carol Rasco, Assistant to the President for  
Domestic Policy  
Bob Rubin, Assistant to the President for  
Economic Policy

FROM: Leon Panetta

SUBJECT: Community Empowerment Initiatives

This responds to your request for comments on a draft statement of community empowerment principles and a proposed Cabinet-level coordinating structure to handle Empowerment Zones and other cross-cutting issues related to community empowerment.

Principles

The five generally stated "commitments" are fine principles and should have broad applicability. Existing coordinating groups including the NEC, DPC, and OMB can use them as a point of reference. To be consistent with the language now being used for welfare reform discussions and to avoid the implication of encouraging dependency, the second commitment might be better phrased as "strengthen families."

I am less certain about the utility of the more specific principles under the five subheads, or of the advisability of listing specific examples of hypothetical results that could flow from these principles. A discussion of the proper roles of various levels of government and of non-governmental organizations such as community groups should be, and I believe is, part of the report of the National Performance Review. Without such a context, however, it is sometimes hard to see how the bullets listed under each commitment and the illustrative policies that follow derive from these five principles. Rather than incorporating this level of specificity into the initial statement of the principles and purposes of the Working Group, it may be better to charge the Working Group itself to derive the policy implications of the principles.

As with any list of policy objectives, there will be instances where a policy decision will require emphasizing one principle over another: for instance, between "making programs more flexible and responsive" and "intervening . . . to discourage crime" or "confronting . . . racism." For instance, the Administration doesn't want to empower communities to limit opportunities or exclude people. The draft doesn't reflect this tension between relaxing program rules and pushing particular

national policy goals. "Bottom up" initiatives must be balanced with other national policy objectives in order to promote socially and economically vital, inclusive, secure communities. Reinvention should balance local initiative with national accountability. Greater discretion would be complemented by explicit performance standards tied to national policy goals and the use of rewards/sanctions to improve performance. Pushed too far or too exclusively, Federal deregulation produces mere revenue-sharing, which is something we can scarcely afford.

I recommend that any Presidential directive to charter formally a Community Empowerment Working Group present only a very abbreviated and general statement of principles. Alternatively, the announcement of such a list should be preceded by a further interagency process to refine the list of principles presented in the draft.

### Coordinating Structure

The draft suggests that the proposed Cabinet-level coordinating body would have two roles: (1) to act as the Empowerment Board to select the empowerment zones and then "oversee the direction of departmental resources and demonstrations at those sites;" and (2) "to apply the broader principles of community empowerment across departments by focusing on specific projects, such as coordinating waiver authorities, and carrying out other related activities."

In my view, a new coordinating group is not needed for the latter purpose. Temporary working groups at the Cabinet or sub-cabinet level can be created at any time to coordinate agencies around individual cross-cutting issues at the initiative of NEC or DPC staff or of an individual member of the Cabinet. It seems to me that Cabinet-level coordinating efforts are already too numerous in this Administration, to the point that it is difficult to get Cabinet members to attend.

*Carol  
This  
was sent  
today. PHW*

THE WHITE HOUSE

WASHINGTON

January 13, 1993

MEMORANDUM FOR THE COMMUNITY ENTERPRISE BOARD

FROM: THE VICE PRESIDENT  
CAROL RASCO  
BOB RUBIN

SUBJECT: EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES  
APPLICATION AND ANNOUNCEMENT

*file*

As you may know, the President and Vice President will launch the application process for the Empowerment Zone/Enterprise Community initiative with an announcement on Monday, January 17 at 12:00 noon at the White House. We understand that many of you will be travelling on behalf of the President for other events honoring Dr. King. We invite those of you who are not travelling to attend, and all of you are encouraged to send to the event one representative from your agency who has worked closely on this initiative. Please advise Pat Smith (456-2800) who will be attending and provide his/her date of birth and social security number.

Attached is a copy of Empowerment Zones/Enterprise Communities Application Guide and the handbook of programs that will be available to the designated Zones and Communities. We are all extremely pleased with the application process that we have developed and the application materials, including the Application Guide, which is particularly innovative -- like the program itself.

We want to thank all of you and your staffs for all the hard work that has gone into the development of the application process and the application materials. We also appreciate your cooperation and full support of this program. You all are to be congratulated!

As you know, the Community Enterprise Board will be actively involved in the selection process. Your first opportunity to participate in this process will be at a series of workshops that to be held across the country in February. We hope, at a minimum, that at least one member of the Community Enterprise Board will attend each workshop: A strong Administration presence at the workshops will signal our commitment to this important Presidential initiative. We therefore strongly encourage you to send a representative from your agency to each of the workshops. A list of the dates and locations of the workshops is in the back of the application. Please have your staff advise Christine Varney, Mark Gordon of HUD (708-2690), and Peter Necheles of USDA (720-4581) which workshops you will attend.

Again, thank you for all of your support.

THE WHITE HOUSE  
WASHINGTON

*File: Empowerment  
Zones*

January 12, 1994

MEMORANDUM FOR DPC STAFF

FROM: Carol H. Rasco, Assistant to the President for  
Domestic Policy

SUBJECT: HUD/USDA Empowerment Zone Workshops

Throughout February, the departments of Housing and Urban Development (HUD) and Agriculture (USDA) will be holding workshops throughout the country. I believe it is important that the Domestic Policy Council have a representative at each of these workshops. Below is a schedule of dates and locations. Please advise Paul Weinstein of those sites in which you are interested.

Chicago, Illinois	February 3, 1994
Seattle, Washington	February 7, 1994
Lumberton, North Carolina	February 9, 1994
McAllen, Texas	February 11, 1994
Detroit, Michigan	February 16, 1994
Las Vegas, New Mexico	February 17, 1994
Atlanta, Georgia	February 23, 1994
Los Angeles, California	February 25, 1994
Kansas City, Missouri	February 28, 1994

Carol:  
is this good?  
O.K. To Staff?  
79W

Roz:

On second thought  
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call -  
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distribute

Call Paul - tell him  
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the 2 small  
conversations &  
distribute  
JAN 11 11 REC'D

THE WHITE HOUSE  
WASHINGTON  
January 10, 1993

MEMORANDUM FOR DPC STAFF

FROM: Carol Rasco

SUBJECT: HUD/USDA Empowerment Zone workshops

Throughout February, the departments of Housing and Urban Development (HUD) and Agriculture (USDA) will be holding workshops throughout the country. I believe it is important that the Domestic Policy Council have a representative at each of these workshops. Below is a schedule of dates and locations. Please advise Paul Weinstein ~~of~~ those sites you are interested

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U.S. Department of Housing and Urban Development  
Washington, D.C. 20410-7000

OFFICE OF THE ASSISTANT SECRETARY  
FOR COMMUNITY PLANNING AND DEVELOPMENT

December 13, 1993

MEMORANDUM FOR: Community Enterprise Board Working Group

FROM: *Mark C. Gordon*  
Mark Gordon, Deputy Assistant secretary for  
Operations

SUBJECT: Empowerment Zone/Enterprise Community Draft  
Application

*file*

Enclosed is a DRAFT of the Empowerment Zone/Enterprise Community application. Due to the holidays and the projected program announcement in early January, we must have all comments on the application materials completed within one week. **The application comments are due by 12:00 non on Friday, December 17th. Note: this will be your final opportunity to comment.**

I understand that this is a lot of material to review. Thank you for helping us to complete this project in a timely manner. If you have any questions, please call Julian Potter, 708-1480 or Bob Duncan, 708-3773.

*Carol:  
This is  
draft of  
we are going  
over  
Saturday before we send  
final draft to V.P.  
Any comments.  
- Paul*

*P.S. This is revised information,  
but not format.  
ham*

*" We must find a way, through public and private sources, to enhance the attractiveness of distressed areas to get investment there. We can repair the American community and restore the American family only if we provide the structure, the value, the discipline and the reward that work gives."*

President Bill Clinton

***This is not a typical application for a Federal government program.***

Unlike many government applications, there are very few forms required and most of the information you provide will be based on your community's judgments of what is important. The cornerstone of your application will be a strategic plan for your Empowerment Zone or Enterprise Community. That plan will present a vision of where you want to go and the path to get there. It will outline the investments your community is willing to make in its future, and it will show how private resources will be combined with public dollars. It also should explain how an investment by the Federal government can be structured to reap the largest dividends possible for your community, for your region, and for our nation.

Your application will be judged both by the contents of the strategic plan and by the extent to which the plan reflects the participation of residents, citizen groups, private and non-profit sectors, and governmental entities. These groups should form the basis for a community partnership that will implement your strategic plan.

To assist you in the application process, we are making available "***A Guide to Strategic Planning for Empowerment Zones and Enterprise Communities***". This document contains a section on effective strategic planning methods, a description of Federal programs that can provide resources to help implement local strategic plans, and detailed information on specific new initiatives targeted to Empowerment Zones and Enterprise Communities. *Please indicate your interest in this document by returning the attached Notice of Intent to Apply.*

The Empowerment Zone and Enterprise Community program is the central element of the Clinton Administration's community revitalization agenda. Under this program areas that meet poverty and other distress criteria, and that prepare and implement creative strategic plans will be designated as Empowerment Zones or Enterprise Communities. Since designated areas will receive substantial tax benefits and extra resources to aid in their revitalization, the designation process is expected to be very competitive. As a result of this competition, six urban Empowerment Zones and 65 urban Communities will be designated by the Secretary of Housing and Urban Development. Three rural Empowerment Zones and 35 rural Enterprise Communities will be designated by the Secretary of Agriculture.

The Federal government is **REINVENTING** the way it does business. We realize that, all too often, communities have been put in the position of responding to the programmatic dictates of Washington-based planning. This application for Empowerment Zones and Enterprise Communities is different. The tables are being turned. All of our Federal agencies are prepared to respond cooperatively to each of you and to your specific plans.

## ***TABLE OF CONTENTS***

### **Key Principles...**

a discussion of the program's guiding principles

### **Application Process...**

statements, questions and answers about program benefits, eligibility criteria, designation procedures, technical assistance, and important dates

### **Key Criteria...**

a discussion of key factors we will consider in evaluating your strategic plan

### **Strategic Planning...**

an explanation of key elements of a successful strategic plan

### **Application Forms...**

certification forms and supporting documents to be submitted when nominating an Empowerment Zone or Enterprise Community

### **Appendices...**

a review of resources to be utilized during the application process

*Empowerment Zones and Enterprise Communities will be designated by the appropriate Secretary in consultation with the other members of the Community Enterprise Board.*

## **MEMBERS OF THE PRESIDENT'S COMMUNITY ENTERPRISE BOARD**

Chair, Vice President *Al Gore*

Vice Chair, Assistant to the President for Domestic Policy *Carol Rasco*

Vice Chair, Assistant to the President for Economic Policy *Robert Rubin*

Secretary of Housing and Urban Development *Henry Cisneros*

Secretary of Agriculture *Mike Espy*

Secretary of Health and Human Services *Donna Shalala*

Secretary of the Treasury *Lloyd Bensten*

Attorney General *Janet Reno*

Secretary of the Interior *Bruce Babbitt*

Secretary of Commerce *Ron Brown*

Secretary of Labor *Robert Reich*

Secretary of Transportation *Federico Pena*

Secretary of Education *Richard Riley*

Director of the Office of National Drug Control Policy *Lee Brown*

Administrator of the Environmental Protection Agency *Carol Browner*

Administrator of the Small Business Administration *Erskine Bowles*

Chair of the Council of Economic Advisors *Laura Tyson*

Director of the Office of Management and Budget *Leon Panetta*

## **KEY PRINCIPLES**

The Empowerment Zone and Enterprise Community program was created to afford communities real opportunities for growth and revitalization. The framework of the program is embodied in four key principles. As you prepare your application and strategic plan, you should be guided by these principles which serve as the basis for the key criteria which will be used to evaluate your plan.

### ***ECONOMIC OPPORTUNITY***

The first priority in revitalizing distressed communities is achieving economic opportunities--jobs and work-- for all residents. The creation of jobs, both within the community and throughout the region, provides the foundation on which communities may revitalize themselves and help their residents become economically self-sufficient.

### ***COMMUNITY DEVELOPMENT***

Economic opportunity is the critical first step toward the creation of a liveable and vibrant community where human initiative and endeavor and stable families can flourish. A community where the streets are safe to walk, the air and water are clean, housing is secure, and human services are accessible, and where a vital civic spirit is nurtured by innovative design, is a community that can be a source of strength and hope to its residents. This initiative seeks to empower communities by supporting local plans to transform neighborhoods, reinvigorating economic development and social service programs which create new opportunities for people and businesses, and supporting community-based organizations.

### ***COMMUNITY PARTNERSHIPS***

The road to economic opportunity and community development starts with broad participation by all segments of the community. This may include, among others, the residents of the target community, the political and governmental leadership, community groups, health and social service groups, religious organizations, private and non-profit sectors, educational institutions, and other permanent community institutions.

Communities that stand together are communities that can rise together. Communities can not succeed with public resources alone. Private and non-profit support is critical to the success of a community seeking revitalization.

Partnerships also must be created within and among the levels of government. Government departments and agencies on all levels must work together to ensure their respective programs can be used in a strategic, coordinated and timely fashion.

Through the Empowerment Zone and Enterprise Community process, the federal government offers a partnership agreement with communities and state and local governments: If you plan strategically and comprehensively, if you create a plan that is realistic and doable, we, the federal government, will waive burdensome regulations, overcome other regulatory impediments and work with you to make our programs responsive to your plan. Show us an innovative vision with

performance-based benchmarks and we will invest in your future.

Federal Level

- waive regulations
- simplify program rules
- coordinate programs
- invest broad resources

State Level

- allocate a portion of private activity bond cap
- invest state resources and federal funds provided to the state
- pass through EZ/EC SSBG funds
- coordinate programs and agencies

Community Level

- plan comprehensively
- leverage private resources
- involve the entire community
- streamline local government

**STRATEGIC VISION FOR CHANGE**

A community's vision must identify clear goals, establish priorities, and outline a future that will revitalize the area. The vision must be strategic: it must coordinate community needs and assets in a comprehensive fashion so that economic development, housing, community development, public safety, human and social services, and environmental needs all contribute to civic spirit and mutual responsibility among all residents. It must also form the basis of a realistic strategic plan which identifies specific tasks for implementation and establishes concrete benchmarks for measuring community progress and assessing how new experience and knowledge can be incorporated into a successful implementation strategy.

*Before preparing a strategic plan, you need to understand how the nomination and designation process works. There are specific eligibility requirements to consider and different benefits for the different designations. This section of the application describes the basic process and answers many of the questions you might have.*

**WHY SHOULD WE APPLY FOR EMPOWERMENT ZONE or ENTERPRISE COMMUNITY DESIGNATION?**

**COMMUNITIES WIN in the APPLICATION PROCESS:**

- Communities gain by taking stock of their assets and problems and by creating a **vision of a better future**, and by structuring a plan for achieving it.
- **Local partnerships** will be formed between businesses, service providers, neighborhood associations, community groups and state and local governments will be formed or strengthened to support a plan for change by going through the application process.
- Communities will be afforded an opportunity to work with these new partners in the creation and implementation of a **community-based strategic plan**.
- **Community Development Corporations** nominated by the locality will be considered eligible for designation to receive tax preferred gifts from donors. *For a detailed description of CDC issues, see the box on page X.*
- Nominated areas will be considered for **requested waivers** of federal program regulations and flexible use of existing program funds even if they do not receive a designation.

**COMMUNITIES WIN in the designation as an ENTERPRISE COMMUNITY:**

- The community is eligible for new **Tax-Exempt Facility Bonds** for certain private business activities.
- States with designated communities are awarded up to \$2,947,368 in **Empowerment Zone/Enterprise Community - Social Service Block Grant (EZ/EC SSBG)** funds to pass through to the community.
- Communities receive special consideration in competition for funding under numerous **Federal Programs**, including the new National Service and Community Policing Initiatives.
- The Federal government will focus special attention on working cooperatively with designated communities to overcome regulatory impediments, to **permit flexible use of existing Federal funds**, and to meet essential mandates.

**COMMUNITIES WIN in the designation as an EMPOWERMENT ZONE:**

- Empowerment Zones receive all of the benefits for Enterprise Communities.
- **EZ/EC SSBG** funds are increased to a maximum of \$40 million awarded for each rural zone and \$100 million awarded for each urban zone.
- An **Employer Wage Credit** is extended to qualified for-profit employers engaged in trade, business, or human service delivery in the zone.
- Businesses are afforded an increased **Section 179 Deduction** for qualified properties.

## QUESTIONS ABOUT SPECIFIC BENEFITS

*What are the differences in benefits between Empowerment Zones and Enterprise Communities?*

In addition to receiving Enterprise Community benefits, Empowerment Zone employers qualify for tax credits for each worker up to 20 percent of the first \$15,000 in wages, the rules pertaining to Sec. 179 expensing are liberalized and the EZ/EC SSBG grants are substantially larger.

*What Federal Programs are available to designated zones and communities?*

The Community Enterprise Board, chaired by the Vice President, has identified a series of Federal programs that can help implement a community's strategic plan. In many cases, special points, set-asides or opportunities for special consideration will be provided to designated zones and communities. *A description of these programs can be found in "A Guide to Strategic Planning for Empowerment Zones and Enterprise Communities".*

*Are the supplemental EZ/EC SSBG funds subject to all the same restrictions as regular Title XX funds?*

While most of the rules remain the same, the EZ/EC SSBG funds can be used for a broader series of activities than those normally eligible under the regular Title XX program. *For a detailed description of these creative uses of EZ/EC SSBG funds, as well as some limitations on their use, see the box on page x.*

*What is the disbursement mechanism for the EZ/EC SSBG money?*

The EZ/EC SSBG money will be given to the State, to be passed through to appropriate implementing entities serving the designated area, as identified in the strategic plan. The State must obligate these funds to implementing entities within two years of receipt. However, implementing entities may expend these funds over the entire time period covered by the strategic plan.

*How can employers qualify for an Employer Wage Credit?*

The credit is available to any for profit employer engaged in a trade, business, or human service in an empowerment zone, even if it is not an "enterprise zone business." The tax credit is up to 20% of the first \$15,000 of qualified wages paid or incurred to each employee who meets the relevant criteria. *Please refer to the section on Federal program resources in the Guide to Strategic Planning.*

*What is the special Section 179 Deduction?*

The maximum Section 179 deduction for depreciable tangible property (not land or buildings) is increased from \$17,500 to \$37,500 for empowerment zone businesses.\*

*How can the community use Tax Exempt Facility Bonds?*

A new category of private activity bonds are available as a tax incentive to finance business property and land in both enterprise communities and empowerment zones.\*

*Can farmers be treated as businesses and take advantage of the Empowerment Zone tax incentives?*

Yes, but only if farm assets are no greater than \$500,000.

*Areas to be considered for Empowerment Zone or Enterprise Community designation must be nominated by State and local governments or State-chartered Economic Development Corporations. There are also a number of certifications by State and local governments that must be included as part of this application. However, it is important, that the strategic plan must reflect the input of a wide range of community and other groups. In fact, some communities might choose to form special public/private authorities or new community-wide partnerships to help develop and implement the strategic plan. Groups that participate in the development of the strategic plan are considered Participating Entities and should be identified in the application. Since rural area governments often have limited staff, it is expected that their Participating Entities frequently will take the lead in preparing the application. While in urban areas it is expected that the local government will act as the catalyst that brings together community partners, and coordinates the strategic planning process, the local government may choose to delegate preparation or implementation of the plan to public/private authorities or community wide partnerships. However, if the local government chooses to delegate part or all of these responsibilities, the local government must remain an active partner in the entire process.*

### **WHO CAN NOMINATE AN EMPOWERMENT ZONE OR ENTERPRISE COMMUNITY FOR DESIGNATION?**

All areas must be nominated and certified by one of the following **NOMINATING ENTITIES**:

- **State and Local Governments** which represent the nominated area must **jointly nominate** and certify the application.
- **State-chartered Economic Development Corporations** can submit an application which will be treated as a nomination by a State and local government.

Applications must indicate whether the area is being nominated for an urban or rural designation. There will be six zones and 65 communities designated as urban areas and three zones and 35 communities designated as rural areas. The same census tract cannot be nominated for designation as both a rural and urban zone or community.

#### **URBAN**

- Any area that lies inside a Metropolitan Area (MA) as designated by the Census Bureau is eligible for designation as an urban zone or community.

[An area that is outside an MA may be included as part of an urban zone or community as long as at least 51 percent of the population of that zone resides inside the MA.]

#### **RURAL**

- Any area that lies outside the boundaries of an MA as designated by the Census Bureau is eligible as a rural zone or community.
- An area that is inside an MA may be included as part of a rural zone or community as long as at least 51 percent of the population of that zone resides outside the MA.

NOTE: The Secretary of Agriculture, in consultation with the Secretary of Commerce, may allow exceptions for applicants that do not meet the above definition of rural area. Communities should submit requests for exceptions immediately upon beginning their planning process. In requesting this exception, communities should justify why they should be considered a rural applicant rather than and urban.

All nominated areas must meet the following **ELIGIBILITY CRITERIA**:

### **POPULATION**

The maximum population that may be included in a nominated **URBAN AREA** is determined according to the population of the largest city located within the nominated area:

- Nominated areas which include a portion of a city with a population of two million or more residents may have a maximum population of 200,000 people.
- Nominated areas which include a portion of a city with a population between 50,000 and two million residents may have a maximum population equal to 10% of the city's total population.
- Nominated areas which include only portions of cities with populations fewer than 50,000 residents may have a maximum population of 50,000.

A nominated **RURAL AREA** population must not exceed 30,000.

### **SIZE**

**An Urban Area** must

- not exceed 20 square miles;
- be located entirely within no more than two contiguous States;
- have one continuous boundary for each parcel; and
- contain no more than three noncontiguous parcels.

**A Rural Area** must

- not exceed 1000 square miles;
- be located entirely within no more than three contiguous States;
- if it is in more than one State, have one continuous boundary; and
- if it is in only one State, contain no more than three noncontiguous parcels.

## POVERTY RATE THRESHOLDS

### **Urban and Rural Areas must**

- be of general distress and pervasive unemployment
- have a **poverty rate at or above:**
  - 20% for each population census tract;
  - 25% in at least 90 percent of the population census tracts;
  - 35% in at least 50 percent of the population census tracts.

*Note: For Enterprise Communities only, the designating Secretary\* has the discretion to make minor adjustments to the poverty threshold criteria through an exemption. AN EXEMPTION MAY ONLY BE APPLIED ONLY TO ONE OF THE THRESHOLDS IN ONE OF THE FOLLOWING METHODS:*

- reduce the **20% threshold** by 5 percentage points for up to 10 percent of the population census tracts (or, if fewer, 5 population census tracts) in that threshold
- reduce the **25% threshold** by 5 percentage points for up to 10 percent of the population census tracts (or, if fewer, 5 population census tracts) in that threshold
- reduce the **35% threshold** by 5 percentage points for up to 10 percent of the population census tracts (or, if fewer, 5 population census tracts) in that threshold, or
- reduce the **35% threshold** by 10 percentage points for 3 population census tracts.

If any part of a **Central Business District** is included in the area proposed for designation, each census tract must have a poverty rate of at least 35% for an Empowerment Zone; 30% for an Enterprise Community.

Any census tracts with **less than 2,000 population** which are zoned 75% or more for commercial or industrial use will automatically meet the poverty threshold requirements.

Application for a poverty threshold exemption should be indicated on the application in the Eligibility Information and Certification section. [Both Secretaries have stated that they will automatically grant all reasonable requests, that are allowable by law, for a poverty threshold exemption.]

***The designating Secretaries do not have statutory authority to exempt any of the other eligibility requirements that have been outlined in this application.***

\* The designating Secretaries are Secretary Cisneros of the Department of Housing and Urban Development for urban zones or communities and Secretary Espy of the Department of Agriculture for rural zones or communities.

## QUESTIONS ABOUT NOMINATING ENTITIES AND ELIGIBILITY REQUIREMENTS

### *What is a Participating Entity?*

A Participating Entity is any group, organization, regional planning agency, or governmental entity that participates in the development and implementation of the strategic plan.

### *What constitutes a local government?*

A local government is any individual county, city, town, township, parish, village, or other general purpose political subdivision of a State or any combination thereof.

### *If an Empowerment Zone or Enterprise Community includes geographic areas from more than one relevant local government, must all join in the nomination?*

Yes. If a nominated area is located within the jurisdiction of more than one governmental entity, then all of the governmental entities must join in the nomination.

### *Can only a portion of a census tract or block numbering area be in a nominated area?*

No. Census tracts and block numbering areas cannot be partially represented.

### *Can the same census tract or block numbering area be included in more than one application.*

No. Portions of the same area may not be included on separate applications. Each applicant must serve an independent and unique area.

### *Does a nominated area have to be a State-designated Enterprise Zone?*

No. It is not necessary for an area to be a State-designated Enterprise Zone. However, if a State zone does apply, the State must still join in the nomination and provide appropriate support for the proposed zone activities.

### *Is there a mechanism for a nominating entity to prioritize or limit the number of nominations from its jurisdiction?*

Prioritization and the number of nominations are entirely at the discretion of the relevant nominating entity.

### *How many applications can be submitted by a nominating entity?*

A nominating entity can submit any number of applications. However, no application can contain a census tract that has been included in any other application.

### *Does Empowerment Zone or Enterprise Community designation trigger the Uniform Relocation Act requirements?*

No. However, any Federal action which otherwise invokes provisions of the Uniform Relocation Act will apply.

*[Can Empowerment Zones and Enterprise Communities be established on Indian Reservations?*

No. The legislation creating the program contained separate provisions for Indian reservations and no part of any Zone or Community designated by the Secretaries of Housing and Urban Development or Agriculture may contain reservation territory (for more information on opportunities available for Indian Reservations please contact xxxxxxxxxxxxxx).

*The application process is the same for all types of designations. The same application and accompanying forms are used for Empowerment Zones and Enterprise Communities. Likewise, the application process is the same for rural and urban areas. There are, however, separate guides for strategic planning in rural and urban areas. A designation can be authorized for a period of up to ten years. Designated communities will be evaluated annually against the benchmarks and goals outlined in their strategic plan.*

## **HOW DOES THE APPLICATION PROCESS WORK?**

### **EMPOWERMENT ZONE**

- If an Empowerment Zone application is not awarded a designation, it automatically will be considered for an Enterprise Community designation. Therefore, an Empowerment Zone application should identify how elements of the plan will vary based on the different forms and amounts of funding available to the two types of designations.

### **ENTERPRISE COMMUNITY**

- A community may, if it wishes, choose to apply only for Enterprise Community status and reflect that fact in its strategic plan.

### **NOTICE OF INTENT TO APPLY**

Fill out and mail in the attached *Notice of Intent to Apply* immediately to ensure a place on our mailing list so that we can provide you any updated information or requirements as well as technical assistance.

- a copy of "*A guide to Strategic Planning for Empowerment Zones and Enterprise Communities*";
- a description of Federal programs that can provide resources to help implement local strategic plans; and
- detailed information on specific new initiatives targeted to Empowerment Zones and Enterprise Communities.

### **ELEMENTS OF A COMPLETED APPLICATION**

- Notice of Intent to Apply
- Strategic Plan
- Required Eligibility Forms and Certificates

## TIMELINE AND IMPORTANT DATES

**DEADLINE:** Application must be received by 4:00 P.M. [FRIDAY, JUNE 10, 1994]

Mail or hand deliver application to the appropriate Federal agency:

### RURAL APPLICATION

US Department of Agriculture  
Office of Rural Community  
and Economic Development  
EZ/EC Implementation Team  
14th and Independence Avenue S.W.  
Washington, DC 20250-3200

### URBAN APPLICATION

US Department of Housing and Urban Development  
Office of Community Planning  
and Development  
EZ/EC Implementation Team  
451 Seventh Street S.W. Room 7255  
Washington, DC 20410

## TECHNICAL ASSISTANCE

- Rural and Urban guidebooks on strategic planning for Empowerment Zones and Enterprise Communities have been prepared to assist you in developing a strategic plan. They outline techniques for a successful community-based planning. The handbook also describes additional Federal programs that will give special priority to applications from designated zones and communities.
- [Electronic Network] Application materials, guidebooks, regulations, Federal Program Menu, and supporting documents can be accessed through the use of ....
- A dedicated 1-800-["EMPOWER"] number has been established to answer questions and make referrals for questions and information concerning eligibility criteria, the application process, technical assistance, or the workshops. In addition, Federal staff will be available over the phone and in some cases on-site, to answer any questions you might have. [If you are submitting an urban nomination contact the Department of Housing and Urban Development at 202-708-XXXX. If you are submitting a rural nomination call the Department of Agriculture at 202-XXX-XXXX.]
- A series of comprehensive technical assistance conferences have been planned across the country. You should plan on attending a conference which focuses on your particular type of area designation--urban or rural. **However, all workshops will have professionals on hand to address both urban and rural nomination issues.** These workshops will include extensive training and materials on comprehensive strategic planning, successful approaches to partnership building, integrated planning models, and specific technical issues. Senior Federal staff, along with professionals from the fields of planning, financing, economic development, community development and integrated service delivery will provide hands-on advice and assistance.

**EMPOWERMENT ZONE AND ENTERPRISE COMMUNITY  
CONFERENCE SCHEDULE**  
(Tentative as of December 13, 1993)

<u>CITY</u>	<u>DATE</u>	<u>AREA DESIGNATION</u>
Albuquerque		RURAL
Seattle		URBAN
North Carolina		RURAL
Los Angeles		URBAN
Florida		RURAL
Atlanta		URBAN
Iowa		RURAL
Chicago		URBAN
Tennessee		RURAL
Dallas		URBAN
Arkansas		RURAL
New York		URBAN
Mississippi		RURAL
Pittsburgh		URBAN
Kansas City		URBAN
Texas		RURAL
West Virginia		RURAL

## KEY SELECTION CRITERIA

*Your strategic plan should reflect the key principles of the Empowerment Zone program. These principles, which are each equally important, will serve as key selection criteria in reviewing your application. Listed below are central elements of each of these criteria. Not all of these elements will be relevant in each community. There also will be other elements important to your plan. Therefore, you should be sure to both address those elements listed below (or explain why they are not relevant to your community) and explain other elements you consider critical.*

### Economic Opportunity

- In the community: How will businesses, jobs, and entrepreneurship increase within the zone or community? How will residents have a real economic stake in their community?
- Outside the community: How will residents be linked with employers and jobs throughout the entire region or metropolitan area and how will residents receive training, assistance, and family support systems, to become economically self-sufficient?
- Capital Access: How will lending and investment opportunities be increase within the zone or community? Is there a mechanism in your plan to encourage real community investment and create new growth for example through establishing or expanding community financial institutions such as community development banks, community development corporations or community financial partnerships?
- Coordination and Linkages: How will the other activities included in your strategic plan be designed or coordinated to help employ residents and expand economic opportunity?
- Integrating with the Regional Economy: How will economic revitalization in the zone or community interrelate with the broader metropolitan or regional economies?

### Community Development

- Public Safety: What strategies, such as community policing, will be used to guarantee the basic safety and security of citizens and property within the zone or community?
- Amenities and Urban Design: Does your plan take advantage of concepts such as urban design, amenities such as open spaces, recreational areas and cultural institutions?
- Sustainable Development: How will economic development be achieved in a manner consistent with improving public health and the environment?

- Supporting Families: How will families be strengthened and become an integral part of the community?
- Youth Development: How will development of children and youth into economically productive and socially responsible citizens be promoted?
- Affordable Housing: Have you included a housing component that provides for adequate safe housing and ensured that all residents will have equal access to that housing?
- Education and Training: How will schools, religious institutions, non-profit organizations, for-profit enterprises and local governments work cooperatively to provide individuals with the fundamental skills and knowledge they need to be active participants and contributors in their community, and to succeed in the global environment?
- Equal Opportunity: Does your plan offer equal opportunity for the diverse residents of your community.

### **Community Partnerships**

- Community Partners: Have residents of the targeted community participated on a "grassroots" level in the development of the strategic plan and what is the nature and scope of their role and commitment to implementing the strategic plan? Do the Participating Entities include community-based organizations that have an institutional track record in the nominated area?
- Private and Non-Profit Sector Partners: Have you recruited partnership commitments from the private and non-profit sector, such as corporations, utilities, banks, universities and community colleges? What is the nature and scope of their commitment to providing resources and implementing the strategic plan?
- State and Local Government Partners: What is the nature and scope of commitments from State and local governments to provide resources and implement the strategic plan? Are the governmental partners committed to "reinventing" their roles and coordinating programs where necessary to implement the strategic plan?
- Permanent Implementation and Evaluation Structure: Has a broadly representative implementation structure been created to ensure the plan is implemented and improvements are made throughout the 10-year life of the zone or community's designation? Will all partners agree to be bound by their commitments?

## Strategic Vision for Change

- Expected Results: What do you expect the targeted community to be like in 10 years, based upon the strategic vision for revitalization you have developed?
- Creativity and Innovation: How creative, innovative, and promising is the strategic plan?
- Benchmarks and Learning: Does the plan include realistic benchmarks for implementation and does it contemplate a system for adjustments, corrections and building on what works?
- Building on Assets: Does the vision for revitalization realistically meet the needs of the community while building on and exploiting the communities assets?
- Linkages: Does the vision address the needs of the entire community and does the strategic plan link economic development to community development, human development to jobs and transportation and concern for recreational open spaces to the environment and quality of life concerns.

**The Strategic Plan** is the cornerstone of the application for Empowerment Zone or Enterprise Community designation. As indicated in the handbook, the strategic plan should emerge from a bottom-up process and should be comprehensive in scope. The plan should be bold and innovative, representing a creative effort to build on the assets of the area and to implement a vision for its revitalization. While there is no set format for a successful strategic plan, all plans should address the following questions:

***How was your strategic plan put together?***

- Indicate and briefly describe the specific groups, organizations and individuals participating in the production of the plan and describe the history of these groups in the community.
- Explain how participants were selected and provide evidence that the participants, taken as a whole are broadly representative of the entire community.
- Describe the role of the participants in the creation and development of your plan and how they will participate in its implementation.
- Identify 2 or 3 topics addressed in your plan which caused the most serious disagreements among participants and describe how those disagreements were resolved.
- Explain how the community participated in choosing the area to be nominated and why the area was nominated.
- Provide evidence that key participants have the capacity to implement the plan.

In addressing the above, you should consider the following:

- Does your plan take advantage of the key role that local educational, health and social institutions can play as a focus of a wide variety of community activities?
- Do your participants represent the racial, cultural and economic diversity found in your community?
- Does your plan integrate existing fraternal, social, civic and religious organizations that reflects the prominent place these organizations can occupy in the daily life of the revitalized community?
- Does your plan integrate resources and commitments from the private sector?

***What is the overall vision for revitalization of the designated area?***

- Provide a brief explanation of your vision for revitalizing your designated area.

*A vision for the successful revitalization of your zone or community describes the goals to be achieved when all parties come together and cooperate. It should not be a laundry list of concerns that need to be addressed. Your vision should be described in a short Statement. For example, the Statement could indicate that your area could become the center for emerging technologies linked to a nearby university system; or a key export center for certain farm or industrial products; or a vibrant residential community focused around an active local school with access to jobs, retail markets, health care and recreation.*

- Explain how your vision fulfills the key principles of creating economic opportunity, encouraging self-sufficiency and promoting community development.
- Identify key needs of the area and the current barriers to achieving your vision. Be sure to include a description of the poverty and general distress, barriers to economic opportunity and development and barriers to human development.
- Discuss how your vision is related to both the assets and needs of the area and its surroundings.

In addressing the above, you should consider the following:

- Does your vision promote a civic spirit that will bring together the many diverse interests necessary to successfully develop and implement the strategic plan?
- How will your vision generate the kind of enthusiasm and encourage the kind of involvement that gives residents a real stake in, and a real responsibility for revitalizing and preserving their neighborhoods?
- How does your vision build on the dynamics of market forces?

***How will your approaches to different community problems be linked together to make your vision a reality?***

- Describe the ways your approaches to economic development, social/human services, transportation, housing, community development, public safety, and educational and environmental concerns will be addressed in a coordinated fashion.
- Explain how these linkages support your vision.

In addressing the above, you should consider the following:

- Does your vision provide for keeping your streets safe and residents secure through community policing and mentoring program opportunities?
- Does your plan foster economic opportunity including entrepreneurship and self-employment?
- Does your plan foster a sustainable community, one that appreciates the environmental needs, energy resources and quality of life concerns of its residents?
- Will you provide services that support and nurture children and families as a unit and that invest in youth as resources in the community?
- Does your plan appreciate the regional context of your designated neighborhood and its relationship to the outlying areas?

***What government resources will be used to support your plan?***

- Identify specifically how you will utilize the following resources:
  - EZ/EC SSBG funds
  - Tax benefits for designated zones or communities

State and local resources

Existing Federal resources available to your locality

Additional Federal resources you believe are necessary to implement your strategic plan

- Indicate the level of commitment to ensure that these resources will be available to the area upon designation. The more legally binding a commitment, the stronger the evidence of that commitment.
- Identify relevant Federal resources that you or a Participating Entity is currently applying for or plans to apply for. *Your strategic plan will be considered by the relevant Federal agencies as supporting material for those applications.*

In addressing the above, you should consider the following:

- Does your plan explain how you will take advantage of new sources of Federal funds for community policing?
- Have you identified a timetable for the spendout of your EZ/EC - SSBG funds so that they support implementation of the plan throughout the period of the designation?
- How will you ensure that Employer Wage Credits will be used to create new jobs and employment opportunities rather than to relocate existing businesses and jobs from other areas to the zone or community?
- Is the nominating State going to allocate a portion of the State's private activity bond volume cap to be used for financing activities in the EZ/EC?
- Did you consider the role that the State Insurance Commissioner (or similar official) will play in securing commercial insurance for businesses within the nominated area.
- How will you provide the resources necessary to utilize the SBA's "One-Stop" Capital Shop? (For more detail on this opportunity see page x.) Specifically identify:
  - the location of the property to be made available for the Shop;
  - the necessary matching funds for the Shop;
  - the funding for staff for the Shop;
  - the funding for the initial operating expenses for the Shop; and
  - integrate relevant existing local resources into the Shop.

***What private resources are committed to implement your plan?***

- Identify the private resources and support (including businesses as well as non-profit organizations and foundations) that are available to be leveraged with public resources.
- Provide assurances that these resources will be made available to the area upon designation. The more legally binding a commitment, the stronger the evidence of that commitment.

In addressing the above, you should consider the following:

- How will your plan sufficiently leverage the private resources necessary to bolster your efforts?

- Does your plan include a capital access strategy and identify ways to attract investments from banks, thrifts, pension funds, credit unions and mutual institutions? *A section on Access to Capital is included with the Guide to Strategic Planning.*
- *Will your plan encourage local entrepreneurship to generate new businesses and restore growth to the zone or community?*
- *Does your plan contain any mechanism to spur personal savings and asset accumulation (such as employee stock ownership plans, matching employer contributions, cooperative franchises, etc.) for residents of the zone or community?*
- *Does your plan include commitments from local employers to hire EZ/EC residents and a strategy for improving linkages between residents and employers in the surrounding region?*

***What changes are needed in Federal rules and regulations to implement your plan?***

- Identify specific paperwork or other Federal program requirements that need to be altered in order to permit effective implementation of your strategic plan.
- Identify specific regulations you wish to be waived in order help implement your strategic plan. Provide specific citations and, if you know, indicate which waiver requests can be accomplished administratively and which will require statutory change.

***How are your State and local governments going to reinvent themselves to help implement your plan?***

- Identify the changes that will be made in State and local organizations, processes and procedures (including laws and ordinances) to facilitate implementation of your plan.
- Explain how different agencies in State and local governments will work together in new responsive ways to implement your strategic plan.

***How will you implement your strategic plan and what benchmarks will you use to measure progress?***

- Identify the specific tasks necessary to implement your plan.
- Describe the partnerships that will be established to carry out your plan.
- Describe the timetable for carrying out specific tasks, the sources of funding, and specify who will be responsible to take the lead role for carrying out each task.
- Explain how your strategic plan will be regularly revised to reflect new information and opportunities.
- Identify the baselines, benchmarks and goals that should be used in evaluating your performance in implementing the plan.

## INCREASED FLEXIBILITY FOR EZ/EC SSBG FUNDS

You have more flexibility in using your EZ/EC SSBG money than you think. You may use it for activities to accomplish any of the following three goals:\*

- achieving or maintaining economic self-support
- achieving or maintaining self-sufficiency
- preventing or remedying neglect, abuse, or exploitation

To accomplish these goals, you can use your EZ/EC SSBG funds any of the following seven types of activities:

- short-term training courses in entrepreneurship, self-employment, and other training that will promote individual self-sufficiency and the interests of the community;
- services designed to promote community and economic development, such as skills training, job counseling, transportation services, housing counseling, financial management and business counseling;
- training and employment for disadvantaged adults and youths in construction, rehabilitation, or improvement of affordable housing, public infrastructure, and community facilities;
- programs that promote home ownership, education, or other routes to economic independence for low-income families and individuals;
- activities designed to promote and protect the interests of children and families, outside of school hours, including keeping school buildings open during evenings and weekends for mentoring and study;
- residential or nonresidential drug and alcohol prevention and treatment programs that offer comprehensive services for pregnant women, mothers and their children;
- emergency and transitional shelter for disadvantaged families and individuals.

*NOTE: If you do not use your EZ/EC SSBG funds for one of the seven types of activities listed above, you must explain in your strategic plan why you chose another option. In contrast, if you do choose to use your funds for these seven types of activities the prohibitions normally applicable to use of funds under Title XX do not apply.*

Your strategic plan should also:

- include a detailed description of the activities to be funded with your EZ/EC SSBG funds.
- contain a commitment that these funds will be used to supplement rather than replace Federal or non-Federal funds for services or activities eligible under Title XX.
- provide a description of the role that State or local governments with jurisdiction over the nominated area played in the development of the social services components of the plan.

\*These three goals represent three of the five program options for regular Title XX funds. Note that you cannot use your EZ/EC SSBG funds for the other two program options normally available for regular Title XX funds.

## ONE STOP CAPITAL SHOP (OSCS)

The Small Business Association (SBA) has developed an innovative plan to target its considerable lending and community development tools to small and minority businesses in distressed communities and underserved markets. The SBA will establish up to 12 One-Stop Capital Shops (OSCS) that will be located in the designated Empowerment Zones or Enterprise Communities with at least three serving rural areas. These shops will also serve as national and regional capital distribution points for underserved markets. Each OSCS will have the capacity to provide \$300-\$400 million in loans and investments for business expansion in distressed communities.

**SBA's District Office staff will provide the following support:**

- \$40,000 per year for operations
- Small Business Administration publications
- access to SBA's electronic bulletin board
- computers and technical assistance

*Note: applicant must provide approximately 10,000 square feet of space for the center.*

Each shop will contain a relationship with the following:

**Certified Development Company (CDC) 504 loan program**

- loans to for-profit small businesses for land and building acquisition, construction and facility improvements, machinery and equipment and related soft costs

*Note: applicant must provide funding for a staff person at \$50,000 per year.*

**Specialized Small Business Investment Company (SSBIC)**

- for-profit financial institution licensed and regulated by SBA to provide equity investment capital to small and disadvantaged businesses

**Small Business Investment Company (SBIC)**

- for-profit financial institution licensed and regulated by SBA to provides equity investment for any type of small business

**Small Business Loan Center (SBLC)**

- provides business loans of over \$25,000

**Micro-Loan Program for Small businesses**

- loans of up to \$25,000 to small businesses provided by non-profit intermediary lender

**Business Information Center and Small Business Development Center**

- provide businesses with technical and managerial assistance

*Note: the applicant must provide initial start-up and maintenance costs.*

*Applicants who wish to compete for an OSCS should provide a description in their strategic plan of how their contribution to the One Stop Capital Shop centers will be provided. A more detailed description of the SBA proposal can be included with "A Guide to Strategic Planning for Empowerment Zones and Enterprise Communities".*

## **TAKING ADVANTAGE OF TAX CREDITS: COMMUNITY DEVELOPMENT CORPORATIONS**

In your application, you have the opportunity to nominate up to two local community development corporations to receive an exciting new tax benefit. Up to 20 non-profit CDC(s) (including 8 in rural areas) will be designated by Secretary Cisneros of the Department of Housing and Urban Development to receive this special benefit. It will provide up to \$1 million in tax credits for up to \$2 million in donations to a CDC.

To be eligible, CDC's must promote employment of, and business opportunities for low income individuals. Preference will be given to those that help support activities outlined in the strategic plan to help residents of the nominated zone or community.

Your strategic plan should

- identify the CDC's you wish to nominate
  
- provide a brief history of each nominated CDC and describe the CDC's area of operation and how it meets the eligibility criteria outlined under Section 13311 of the Omnibus Budget Reconciliation Act of 1993
  
- explain how the each nominated CDC will be used to provide economic opportunity for low-income residents and further implementation of the strategic plan.

More information on eligible CDC's can be found in Federal Register Notice XXX.

## PUBLIC SAFETY AND COMMUNITY EMPOWERMENT

In order to successfully empower communities, we must make them safe -- safe for neighborhood families and residents, safe for businesses, and safe for workers and visitors. That's why Empowerment Zones and Enterprise Communities will be eligible, on a priority basis, for Department of Justice community policing grants. This new Cop-on -the-Beat program, which is pending Congressional approval, will help communities that make a long-term commitment to community policing and increase the number of police officers on patrol in their neighborhoods. More police on the streets working in partnership with residents means less crime and fear of crime. Here's what we hope the program will accomplish:

- Re-hire police officers who have been laid off as a result of state and local budget reduction for deployment in community policing.
- Hire new police officers for deployment in community policing across the Nation.
- Increase the number of police officers involved in community activities that are focused on proactive crime control and prevention.
- Provide specialized training to police officers to enhance their problem solving, conflict resolution, mediation and other skills to work in partnership with the community.
- Increase police participation in multi-agency early intervention programs.
- Develop new technologies to assist police department, in reorienting the emphasis of their activities from reacting to crime to preventing crime.
- Develop and implement innovative programs that permit citizens to assist police officers in crime prevention.
- Establish and implement innovative crime control and prevention programs involving young persons and police officers in the community.
- Develop and establish new administrative and managerial systems that facilitate the adoption of community policing as a department-wide philosophy.

To be eligible for these grants, communities will be responsible for designing long-term community policing strategies that reflect bottom-up consultation with local groups, public and private sector agencies -- and that are coordinated with other governmental and community initiatives.

## NATIONAL SERVICE

The National and Community Service Trust Act of 1993 created the Corporation for National and Community Service. The Corporation will support a variety of innovative programs and will award grants for national service programs that address critical human, educational, environmental and public safety needs. National Service programs will enroll participants of diverse backgrounds in stipended service, and provide national service educational awards to those who successfully complete a full- or part-time of service.

The Corporation expects to support a substantial number of programs that are conducted in areas of need, including localities targeted for special economic incentives, otherwise identifiable as having high concentrations of low-income people, including empowerment zones and enterprise communities.

National Service and Empowerment Zones/Enterprise Communities are bottom-up programs that give communities the opportunity to help themselves. These programs allow localities to design their own plans for implementation – tailored to the unique strengths and characteristics of each community. The Corporation for National and Community Service and the Departments of Agriculture and Housing and Urban Development will work to ensure that both these programs are coordinated to provide communities with the greatest amount of resources.

Background information on the Corporation, its programs, and application procedures will be published in the Federal Register in January of 1994, or may be available from the Corporation directly. Interested parties may write to the Corporation at 1100 Vermont Avenue, NW, Washington, DC 20525, Attention: Empowerment Zones.

# Submission Requirements

Send an original and 10 copies of the application to:

U.S. Department of Housing and Urban Development  
451 7th Street, S.W. Room 7253  
Washington, D.C. 20410

or U.S. Department of Agriculture  
14th and Independence Avenue, S.W.  
Washington, D.C. 20250-3200

In order to be considered for designation, applications which are complete and acceptable for processing must be received by the deadline date and time published in the *Federal Register*. Applications must be submitted in the general format which follows, including the elements of the Strategic Plan. The document can be reproduced, if necessary, in order to give flexibility in preparation as long as the basic outline is followed.

Please prepare your application, including the Strategic Plan, in the format described.

## General Information

There are several determinations to be made by the communities applying for Empowerment Zone or Enterprise Community (EZ/EC) designation. Review the materials accompanying this Nomination package to resolve the questions and issues affecting your situation.

An application may be for Empowerment Zone or Enterprise Community status, or both. The Strategic Plan must reflect which level of activity is planned. In the case of those wishing alternate consideration for EC designation the Strategic Plan must differentiate the activity levels by status.

Determine whether the application is for urban or rural designation. Any area that is inside a Metropolitan Area (MA) is considered eligible for urban designation. An area that extends outside an MA may be part of an urban zone or community if 51 percent of the nominated area's population is inside the MA. Any area outside of an MA is eligible for rural designation. Area inside an MA may be part of a rural zone or community if 51 percent of the population is outside the MA.

In requesting the designation, the law permits a designation period of up to ten years. It is the applicants decision as to the number of years of designation to request.

**Public reporting burden** for this collection of information is estimated to average XXX hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Office of Information Policies and Systems, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600, the U.S. Department of Agriculture, Washington, D.C., and to the Office of Management and Budget, Paperwork Reduction Project (2506-XXXX), Washington, D.C. 20503. Do not send this completed form to any of these addressees.

All units of government within the boundaries of the area nominated for Empowerment Zone or Enterprise Community (EZ/EC) designation must participate in the nomination and be identified in Part I of the Application form. The chief elected official of each participating jurisdiction must certify the nomination in Part IV. The State(s) participation is required and must be identified on the same forms. The exception is a nomination by a State chartered Economic Development Corporation which is considered the same as a nomination by the local and State governments.

State chartered Economic Development Corporations must identify themselves in Part I.A. All local governments in the nominated area are to be identified in Part I.B. and certification is to be made in Part IV.

Please refer to the Interim Rule, FR-////, for eligibility and application requirements defined in the law.

## Special Information

The boundary of the nominated area must follow Census Tract boundaries. In those areas where Census Tracts (CT) are not defined, the boundaries must follow Block Numbering Areas (BNA). BNAs are equivalent to CTs and are a sub-category of County Divisions.

There are specific Census Tables identified in Part IV.A for reporting population and poverty rates and racial/ethnic population numbers by Census Tract and Block Numbering Area. An exemption of poverty rate criteria is allowed for one of four types. Exemption requests are to be identified in Parts II and IV. and will be granted.

There are two steps to determining the maximum allowable population for an urban area. Determine the most populous city that is in, or a portion is in, the nominated area. Ten percent of the population of that city is the maximum population for the nominated area unless it exceeds 200,000. No nominated area may exceed 200,000 in population. Any nominated area can be up to 50,000 in population even if that exceeds the ten percent formula.

The maximum population for an area nominated for rural designation is 30,000.

## Strategic Plan

The Strategic Plan is a narrative submission and the core of the application. It is recommended that an index or table of contents identify major components and that the pages be numbered sequentially. Tabs or other separations may be used as appropriate.

**Part III: Strategic Plan.** A single, comprehensive Strategic Plan for the entire nominated area is a required and critical component of the application. Include a brief description of the significant economic, human, community and physical characteristics of the applicant Empowerment Zone area. The Strategic Plan should:

- describe the coordinated economic, human, community and physical development plan and related activities proposed for the nominated area;
- describe the process by which the affected community is a full partner in the process of developing and implementing the plan and the extent to which local institutions and organizations have contributed to the planning process;
- identify the amount of State, local, and private resources that will be available in the nominated area and the private/public partnerships to be used (may include participation by, and cooperation with, universities, medical centers, and other private and public entities);
- identify the funding requested under any Federal program in support of the proposed economic, human, community and physical development and related activities;
- identify baselines, methods, and benchmarks for measuring the success of carrying out the strategic plan, including the extent to which poor persons and families will be empowered to become economically self-sufficient;
- certify there is no action to assist any establishment in relocating from an area outside the nominated area to the nominated area; and
- respond to the information required by the Secretary.

## Submissions

Notice of Intent to Apply

Strategic Plan

Map Attach a copy of the 1990 census map that shows

- (1) the boundaries of the local government(s) listed in Part I and
- (2) the boundaries of the nominated area.

Application Form Parts I through IV

Other Forms

Participating Entities

Federal Program Applications

**Notice of Intent to Nominate an  
Empowerment Zone or  
Enterprise Community**

**U.S. Department of Housing  
and Urban Development**  
Office of Community Planning  
and Development

**U.S. Department of Agriculture**  
Office of Rural Community and  
Economic Development

This is notification to the  Department of Housing and Urban Development (urban)  
 Department of Agriculture (rural)

that the entity named here: (name and address)

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intends to nominate an Empowerment Zone and Enterprise Community for designation.

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Return to:

Office of Community Planning and Development  
Empowerment Zone Office, Room 7253  
Department of Housing and Urban Development  
451 7th Street, S.W.  
Washington, D.C. 20410-7253

Office of Rural Community and Economic Development  
EZ/EC Information Team  
Department of Agriculture  
14th and Independence Avenue, S.W.  
Washington, D.C. 20250-3200

# Application

for Federal Empowerment  
Zone & Enterprise Community  
Designation

U.S. Department of Housing  
and Urban Development  
Office of Community Planning  
and Development

U.S. Department of Agriculture  
Office of Rural Community and  
Economic Development

OMB Approval No. 2506-XXXX (exp. XXXXXX)

Number of years of designation requested: (maximum of 10 years) <input type="text"/>	Application Category:	<input type="checkbox"/> Urban	<input type="checkbox"/> Empowerment Zone
		<input type="checkbox"/> Rural	<input type="checkbox"/> Enterprise Community
		<input type="checkbox"/> Both (alternate plans)	

## Part I: State and Local Government Identification

### A. Nominating State Government(s)

Name of State or Corporation:	Governor's or Corporate Director's Name:
Contact Person: (name and title)	Telephone Number:
Address: (street / PO box, city, State & zip code)	

Name of State or Corporation:	Governor's or Corporate Director's Name:
Contact Person: (name and title)	Telephone Number:
Address: (street / PO box, city, State & zip code)	

### B. Nominating Local Government(s)

Enter the total number of nominating local governments.

Name of Jurisdiction:	Metropolitan Area Name: (If in an MA)
Chief Elected Official:	
Contact Person: (name and title)	Telephone Number:
Address: (street / PO box, city, State & zip code)	County:

Name of Jurisdiction:	Metropolitan Area Name: (If in an MA)
Chief Elected Official:	
Contact Person: (name and title)	Telephone Number:
Address: (street / PO box, city, State & zip code)	County:

Name of Jurisdiction:	Metropolitan Area Name: (If in an MA)
Chief Elected Official:	
Contact Person: (name and title)	Telephone Number:
Address: (street / PO box, city, State & zip code)	County:

Name of Coordinating Contact: (for questions concerning the application)	Telephone No:
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Attach separate sheet(s), as necessary, to provide identical information for all local governments nominating the area. Number the pages 37a, 37b, etc.

**Part II: Eligibility Information**

This form incorporates the information necessary to demonstrate that the nominated area meets the eligibility requirements for consideration and designation.

Appendix 1 of this Application identifies where to find the Census data.

Procedures for identifying the population and poverty rate data are given on page XXX. Use the results to answer the appropriate items in Sections A and B below.

**A. Size & Location of the Nominated Empowerment Zone Area**

- |   | Yes                      | No                       |
|---|--------------------------|--------------------------|
| 1. What is the square mileage of the nominated area?  | <input type="text"/>     |                          |
| 2. Is the nominated area located wholly within the jurisdiction of the legal government(s) listed in Part I?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. How many States are in the nominated area?   | <input type="text"/>     |                          |
| 4. Is the boundary of the nominated area continuous?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Is there more than one noncontiguous parcel in the nominated area?<br>If "yes," how many?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Is the area in a census defined urbanized area in a Metropolitan Area (MA)?  | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. Is any portion of a central business district included?<br>If "yes," are the Census Tract/Block Numbering Areas identified on the Population Dataform.               | <input type="checkbox"/> | <input type="checkbox"/> |
| a. Does any tract that includes the central business district have a poverty rate of less than 35%?<br>If "yes," eligibility is limited to Enterprise Community status. | <input type="checkbox"/> | <input type="checkbox"/> |

**B. Population & Poverty Rate of the Nominated Area**

- |  |                          |                          |
|--|--------------------------|--------------------------|
| 1. Does this application contain a request for a Secretarial exemption of the poverty threshold? Poverty rate threshold exemption limits eligibility to Enterprise Community status. Only one form of the exemption can be used. | <input type="checkbox"/> | <input type="checkbox"/> |
|--|--------------------------|--------------------------|

Check which exemption is being requested:

The exemption to reduce the poverty rate threshold by 5 percentage points for up to 10 percent of the population census tracts (or, if fewer, 5 population census tracts)

- |  |                          |
|--|--------------------------|
| a. for the 20% threshold poverty rate  | <input type="checkbox"/> |
| b. for the 25% threshold poverty rate  | <input type="checkbox"/> |
| c. for the 35% threshold poverty rate or   | <input type="checkbox"/> |
| d. for the 35% threshold poverty rate by up to 10 percentage points for three population census tracts | <input type="checkbox"/> |

- |   | Yes | No |
|---|-----|----|
| 2. Do any of the Census Tracts included in the nominated area have: |     |    |

- |   |                          |                          |
|---|--------------------------|--------------------------|
| a. no population?   | <input type="checkbox"/> | <input type="checkbox"/> |
| If "yes," do 50% of the other Census Tracts have at least 35% poverty?                    | <input type="checkbox"/> | <input type="checkbox"/> |
| b. populations of less than 2,000?  | <input type="checkbox"/> | <input type="checkbox"/> |
| If "yes," include commercial/industrial zoning certification for 75 percent of the tract. |                          |                          |

- |  |  |
|--|--|
| 3. From the attached Population Dataform, provide the following information for the entire area nominated: |  |
|--|--|

- |  |                          |
|--|--------------------------|
| a. Total 1990 census population  | <input type="text"/>     |
| b. Do all census tracts or block numbering areas of the nominated zone have 20% or more of their population living below the poverty line? | <input type="checkbox"/> |
| c. If no, is the exemption request identified in B.1. above?   | <input type="checkbox"/> |

- |                             |  |
|-----------------------------|--|
| 4. Urban applications only: |  |
|-----------------------------|--|

- |   |                      |
|---|----------------------|
| What is the population of the most populous city in the nominated area? | <input type="text"/> |
| a. What is the name of that city?                                       | <input type="text"/> |

**C. Distress of the Nominated Empowerment Zone Area.** The major indices of distress are pervasive poverty, unemployment, and general distress.

- |  |                          |
|--|--------------------------|
| 1. Is the pervasive poverty of the area detailed in the Strategic Plan and certified in Part IV?   | <input type="checkbox"/> |
| 2. Is the pervasive unemployment of the area detailed in the Strategic Plan and certified in Part IV?  | <input type="checkbox"/> |
| 3. Is the general distress including the physical and social conditions that demonstrate the general distress of the area detailed in the Strategic Plan | <input type="checkbox"/> |

**Part III. Certifications**

I hereby certify that the portion of the nominated area that I represents meets all State, local, and Federal eligibility requirements and that to the best of my knowledge and belief:

- (a) the information in this application is true and correct;
- (b) each nominating government has the authority, with respect to the nominated area, to
  - (i) nominate such area for designation as an Empowerment Zone area
  - (ii) make the State and local commitments that the Strategic Plan will be implemented; and
  - (iii) provide assurances that such commitments will be fulfilled;
- (c) the nominating governments shall comply with State, local and Federal program requirements, and have agreed in writing to carry out the Strategic Plan if the application is approved;
- (d) the geographic area contains no portion of an area which is either designated as a Federal Empowerment Zone or Enterprise Community under this Part or is otherwise included in any other area nominated for designation as an Empowerment Zone or Enterprise Community under this Part;
- (e) the geographic area contains no portion of area within an Indian reservation;

- (f) no action will be taken to relocate any establishment to the nominated area;
- (g) the nominated areas of each unit of local government meet each of the eligibility criteria set forth in Section XXXXXX of the program regulations, i.e.
  1. the geographic area does not exceed the population maximum and boundary test pursuant to Section XXXXXX;
  2. the geographic area is one of poverty, unemployment, and general distress and that the conditions are pervasive throughout the area pursuant to Section XXXXXX;
  3. the geographic area meets the size and boundary test pursuant to Section XXXX;
  4. the geographic area meets the tests of poverty, pursuant to Section XXXXXX; and
- (h) each noncontiguous area (up to three) being nominated separately meets the poverty rate test.
- (i) the amounts provided to the State for the area under Section 2007 of Title XX of the Social Security Act will not be used to supplant Federal or non-Federal funds for services and activities which promote the purposes of Section 2007.
- (j) the nominating governments agree to make all information available as requested by the designating Secretaries to aid in evaluation by the designating Secretaries of progress in implementation of the strategic plan.

**Authorized Nominating State or Corporation Official(s) type or print**

State or Corporation:	Signature & Date:
Name & Title:	X
State or Corporation:	Signature & Date:
Name & Title:	X

**Authorized Nominating Local Government(s) and Official(s) type or print**

Governmental unit & State name:	Signature & Date:
Official Name & Title:	X
Governmental unit & State name:	Signature & Date:
Official Name & Title:	X
Governmental unit & State name:	Signature & Date:
Official Name & Title:	X

Attach separate sheet(s), as necessary, to provide identical information and official signatures for all local governments nominating the area. Number the pages Xa, Xb, etc.

**Part IV: Population Data** (Duplicate this page if needed. Number the added pages 40a, 40b, etc.)

Enter the total number of census tracts/block numbering areas listed on all pages in the block to the right.

--

Name of County:

Name of State:

1. Census Geographic Area Census Tract Code/Block Numbering Area	2. 1990 Population	Poverty		Race / Ethnicity					5. Land Area (sq. miles)	6. Code
		3a. No. of Persons in each Tract	3b. Percent below Poverty Level	4a. American Indian or Alaskan Native	4b. Asian or Pacific Islander	4c. Hispanic	4d. White not of Hispanic origin	4e. Black not of Hispanic origin		
1. example										
2.										
3.										
4.										
5.										
6.										
7.										
8.										
9.										
10.										
11.										
12.										
13.										
14.										
15.										
16.										
17.										
18.										
19.										
20.										
Totals										

Number of census tracts/block numbering areas that have a poverty rate of 25% or greater.	
Number of census tracts/block numbering areas that have a poverty rate of 35% or greater.	
Number of census tracts/block numbering areas with a population of less than 100.	
Number of census tracts/block numbering areas with no population.	

## Part IVa. Population Data Instructions

The Population Data Form is used to demonstrate eligibility of the nominated area.

The data required are not calculations. The 1990 Census data specified are the only data sources acceptable to HUD and USDA. All data are for Census Tract or Block Numbering Area. Calculations cannot be made using the data required for this form and none is needed. Use only the Tables and lines described below.

1990 census maps may be ordered by calling the Bureau of the Census at 301-763-4100 to obtain the 1990 CPH-3 Printed Reports and Maps Order Form. Use that form to order census tract/block numbering area outline maps for states or for metropolitan areas. State Data Centers or a local library may already have the CPH-3 series and maps. See Appendix ?? for a list of State Data Centers.

The boundaries of the nominated area must include the full census tract or block numbering area. Census tracts and block numbering areas cannot be split. Nominated area boundaries follow census tract and block numbering area boundaries.

Separate Population Data Forms are required in two instances. Where a nominated area consists of two or three noncontiguous areas, a separate Population Data Form must be completed for each of the areas. Where a nominated area is located in more than one county, a separate Population Data Form must be completed for each county.

Source *1990 Census Tracts/Block Numbering Areas Outline Maps.*

**Column 1.** List each Census Tract or Block Numbering Area Code identified as the nominated area on the census outline map accompanying the application.

Source The Bureau of the Census CPH-3 series of publications from the *1990 Census of Population and Housing: Population and Housing Characteristics for Census Tracts and Block Numbering Areas.*

Note: This document has several Tables that contain the square mile area, population and poverty rate. Only the CPH-3 tables and the lines specified are acceptable to HUD and USDA for completing the Population Data Form on page 6 of the Application Package.)

Table 1. Gives the land area in square miles and the population of all persons, for each tract or block numbering area.

**Column 2.** 1990 Population. Use the number from line 3 (subhead "All persons" under the "Age" heading) to fill in Column 2.

**Column 3. Poverty** Table 19. Gives the poverty rate for persons and the number of people in poverty for each Census tract and block numbering area.

**Column 3a.** Persons in each tract. Use the number from the tenth line from the bottom labeled "Persons" under the heading "Poverty Status in 1989", subhead "Income in 1989 Below Poverty Level" to fill in Column 3a.

**Column 3b.** Percent Below Poverty. Use the number from the ninth line from the bottom labeled "Percent Below Poverty Level", immediately below the "Persons" line to fill in Column 3b. Round this number to the nearest whole number, e.g. 34.5 and above is 35 percent.

Note: Do not attempt to calculate the Percent Below Poverty. It is established by Census based on responses from a statistical sample.

**Column 4. Race/Ethnicity** Table 8. Gives race and Hispanic origin by census tract and block numbering area.

**Column 4a. American Indian or Alaskan Native.** Use the number under the "Race" heading on the line labeled "American Indian, Eskimo, or Aleut."

**Column 4b. Asian or Pacific Islander.** Use the number under the "Race" heading on the line labeled "Asian or Pacific Islander."

**Column 4c. Hispanic.** Use the number on the line labeled "Hispanic origin (of any race)" under the "Hispanic Origin" heading.

**Column 4d. White, not of Hispanic origin.** Under the "Race and Hispanic Origin" heading, subhead "White", use the number from the line labeled "Not of Hispanic origin."

**Column 4e. Black, not of Hispanic origin.** Under the "Race and Hispanic Origin" heading, subhead "Black," use the number from the line labeled "Not of Hispanic origin."

**Note:** The numbers required for reporting the racial ethnic data from Table 8 will not equal the total population figure in Column 3a. because a date element for the Census category "Other" is not included on this form.

**Column 5. Land Area (sq. miles).** Use the number from line two (subhead "Square mile" under the "Land Area" heading) to fill in

**Column 6. Code (EX/CBD). Poverty rate exemptions (EX) and Central Business Districts (CBD).** Enter, as appropriate, one of the two codes listed to identify a census tract or block numbering area that is subject to either of the special conditions.

For each census tract or block numbering area where a Secretarial exemption of the poverty rate is requested, enter EX in Column 6. Refer to the Special Instructions section of this application for the limitations on poverty rate exemptions.

For each census tract or block numbering area that contains any portion of a Central Business District, enter CBD in Column 6.

Central Business Districts were defined by some central cities of Metropolitan Statistical Areas, or other MSA cities with a population of 50,000 or more, based on this general definition from the Bureau of the Census: "areas of high land valuation; areas characterized by a high concentration of retail businesses, offices, theaters, hotels, and service businesses; areas of high traffic flow; and defined in terms of existing tract lines, i.e., consisting of one or more whole census tracts."

Consult the 1982 Census of Retail Trade, RC82-C-5, Major Retail Centers in Standard Metropolitan Statistical Areas, publication for your state/metropolitan area for current designation of most recent Central Business Districts. State Data Centers should have this publication.

# Participating Entities

List participating entities that are partners in the development and implementation of the Strategic Plan that support the nomination for Empowerment Zone/Enterprise Community designation. Duplicate this form to accommodate the number of entries needed. For rural areas, list the Participating Entity, if different from the nominating entity, that will take the lead in implementation of the strategic plan.

Entity Name:	Entity Representative: (name, signature, & date)
Address: (street, city, state & zip)	X
Entity Name:	Entity Representative: (name, signature, & date)
Address: (street, city, state & zip)	X
Entity Name:	Entity Representative: (name, signature, & date)
Address: (street, city, state & zip)	X
Entity Name:	Entity Representative: (name, signature, & date)
Address: (street, city, state & zip)	X
Entity Name:	Entity Representative: (name, signature, & date)
Address: (street, city, state & zip)	X
Entity Name:	Entity Representative: (name, signature, & date)
Address: (street, city, state & zip)	X
Entity Name:	Entity Representative: (name, signature, & date)
Address: (street, city, state & zip)	X
Entity Name:	Entity Representative: (name, signature, & date)
Address: (street, city, state & zip)	X
Entity Name:	Entity Representative: (name, signature, & date)
Address: (street, city, state & zip)	X
Entity Name:	Entity Representative: (name, signature, & date)
Address: (street, city, state & zip)	X

# Federal Program Applications

Indicate here any Federal programs for which any of the nominating or Participating Entities have applications pending prior to submission of this application. List here only those programs the funding from which would be used to support the implementation of the strategic plan.

Federal Agency Name:	Name of Program:
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Applicant's Name:
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Amount applied for:	Date of Application:	To Whom Submitted:
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Activity/Program/Project Description:
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Federal Agency Name:	Name of Program:
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Applicant's Name:
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Amount applied for:	Date of Application:	To Whom Submitted:
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Activity/Program/Project Description:
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Federal Agency Name:	Name of Program:
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Applicant's Name:
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Amount applied for:	Date of Application:	To Whom Submitted:
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Activity/Program/Project Description:
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Federal Agency Name:	Name of Program:
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Applicant's Name:
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Amount applied for:	Date of Application:	To Whom Submitted:
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Activity/Program/Project Description:
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Federal Agency Name:	Name of Program:
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Applicant's Name:
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Amount applied for:	Date of Application:	To Whom Submitted:
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Activity/Program/Project Description:
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Federal Agency Name:	Name of Program:
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Applicant's Name:
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Amount applied for:	Date of Application:	To Whom Submitted:
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Activity/Program/Project Description:
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**This Page is Reserved for the Census Chart**

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# Tax Incentives for Empowerment Zones and Enterprise Communities

## Introduction

In an attempt to economically revitalize distressed urban and rural areas, the Revenue Reconciliation Act of 1993 provides special tax incentives for qualified businesses operating in empowerment zones and enterprise communities. The incentives include a new type of tax exempt facility private activity bond, an employer wage credit, and an increased section 179 deduction.

Areas nominated by state and local governments will be designated in 1994 and 1995. State and local governments must demonstrate that the area satisfies eligibility criteria and include a strategic plan.

## Designation

**Number of designations.** The Secretary of Housing and Urban Development will designate up to 6 empowerment zones and 65 enterprise communities in urban areas. The Secretary of Agriculture will designate up to 3 empowerment zones and 30 enterprise communities in rural areas.

**Eligibility criteria.** Each area (urban and rural) must meet eligibility criteria related to population, distress, size, and poverty rate.

**Length of Designation.** The designation will remain in effect up to 10 years. The designation may be revoked if the state or local government modifies the boundaries of the area, or does not comply with the agreed strategic plan.

## Tax Incentives

Businesses that qualify and operate in empowerment zones will be eligible for three incentives:

- 1) Employer wage credit,
- 2) Increased section 179 deduction, and
- 3) Exempt facility bonds.

Businesses that qualify and operate in enterprise communities will be eligible only for the exempt facility bonds incentive.

## Employer Wage Credit

The employer wage credit, part of the general business credit, is available to any employer engaged in a trade or business in an empowerment zone, even if it is not an "enterprise zone business," defined later.

**Amount of credit.** Initially, an employer can claim a tax credit equal to 20% of the first \$15,000 of qualified wages paid or incurred to each employee who meets criteria listed later. The rate of the credit begins to phase down in 2002. The rates and maximum credits for 1994 - 2004 are:

<u>Year</u>	<u>Rate</u>	<u>Maximum Credit</u>
1994-2001	20%	\$3,000
2002	15%	\$2,250
2003	10%	\$1,500
2004	5%	\$750

The credit will not be available after 2004. For purposes of the \$15,000 limit, all employers of a controlled group (or partnerships or proprietorships under common control) are treated as a single employer.

**Reduction of limit.** The \$15,000 limit must be reduced by the amount of wages taken into account in determining the targeted jobs tax credit.

**Qualified employees.** An employer can claim the credit for wages paid to all full or part-time employees who:

- 1) Are zone residents
- 2) Perform substantially all of their services for the employer within the zone in the employer's trade or business.

**Nonqualified Employees.** The credit cannot be claimed for wages paid to:

- 1) An individual employed for less than 90 days (unless he or she meets certain exceptions),
- 2) Certain related taxpayers,
- 3) Any 5% owner,
- 4) An individual employed at any:
  - a) Private or commercial golf course,
  - b) Country club,
  - c) Massage parlor,
  - d) Hot tub facility,
  - e) Suntan facility,
  - f) Racetrack or other gambling facility, or
  - g) Store whose principal business is the sale of alcoholic beverages for off-premise consumption.
- 5) An individual employed in a trade or business the principal activity of which is farming, but only if the farm assets exceeded \$500,000 at the close of the preceding tax year.

**Qualified wages.** Salaries and wages (as defined for Federal Unemployment Tax (FUTA) purposes) and certain training and educational expenses paid on behalf of a qualified employee are considered qualified wages.

The employer cannot use wages taken into account for the targeted jobs credit. The employer must also reduce the deduction for wages on his or her tax return by the wages used for the employer wage credit.

**Carrybacks and carryovers.** Any unused employer wage credit can be carried back 3 years and forward 15 years. However, any unused credit cannot be carried back to any tax year ending before January 1, 1994.

**Alternative Minimum Tax.** The wage credit can be used to offset up to 25% of the employer's alternative minimum tax liability.

# Increased Section 179 Deduction

The maximum section 179 deduction for qualified zone property is increased from \$17,500 to \$37,500 for enterprise zone businesses.

**Qualified zone property.** Depreciable tangible property, not land or buildings, qualifies for this tax incentive. The tangible property qualifies if:

- 1) It is acquired by the taxpayer (but not from a related party) after the zone designation took effect,
- 2) Its original use in an empowerment zone begins with the taxpayer, and
- 3) Substantially all of the property's use is in an empowerment zone and is in the active conduct of the taxpayer's qualified trade or business in the zone.

Used property may be qualified zone property if it has not previously been used within and empowerment zone.

If property has been substantially renovated by the taxpayer, (1) and (2) above do not apply. Property has been substantially renovated if, during any 25-month period after the designation takes effect, the additions to the taxpayer's basis of the property exceed the *greater* of:

- 1) 100% of the taxpayer's adjusted basis at the beginning of the 25-month period, or
- 2) \$5,000.

**Enterprise zone business.** A corporation, partnership, or sole proprietorship is an enterprise zone business if, for the taxable year, -

- 1) Every trade or business of a corporation or partnership is the active conduct of a "qualified business" within an empowerment zone. (This rule does not apply to sole proprietorships.)
- 2) At least 80% of the total gross income is from the active conduct of a "qualified business" within a zone.
- 3) Substantially all of its tangible property is used in, and exclusively related to, the active conduct of the business.
- 5) Substantially all of the employee's services are performed within a zone.
- 6) At least 35% of the employees are residents of an empowerment zone.
- 7) Less than 5% of the property owned by the business is:
  - a) Certain financial property, and
  - b) Collectibles not held primarily for sale to customers.

For a sole proprietorship the term "employee" in (5) and (6) includes the proprietor.

**Qualified Business.** A qualified business is generally any trade or business except one that consists primarily of the development or holding of intangibles for sale or license.

The rental to others of real property located in an empowerment zone is a qualified business only if the property is not residential rental property and at least 50% of the gross rental income from the real property is from enterprise zones businesses.

The rental to others of tangible personal property is a qualified business only if substantially all of the rental of the property is by enterprise zone businesses or empowerment zone residents.

A qualified business does not include any business listed in items (4) and (5) under Nonqualified employees.

**Investment limit.** For each dollar of cost over \$200,000 for section 179 property placed in service in a tax year, the maximum section 179 deduction is reduced by one dollar (but not below zero). However, only one-half of the cost of qualified zone property is taken into account when reducing the maximum section 179 deduction.

**Recapture.** The recapture rules of section 179 apply when qualified zone property is no longer used in an empowerment zone by and enterprise zone business.

**Alternative minimum tax.** The increased section 179 deduction is not treated as an adjustment for purposes of the alternative minimum tax.

**More information.** See Publication 946, *How to Begin Depreciating Your Property*, for more information on the section 179 deduction.

## Exempt Facility Bonds

The Revenue Reconciliation Act created a new category of tax-exempt facility private activity bonds - qualified enterprise zone facility bonds. This tax incentive will be available to finance property in both enterprise communities and empowerment zones.

To qualify, 95% or more of the net proceeds of the bond issue must be used to finance:

- 1) Qualified zone property whose principal user is a qualified enterprise zone business (defined earlier), and
- 2) Land on which the business is located and land for related parking lots, etc.

For purposes of this tax incentive, qualified zone property also includes property which would qualify except that it is located in an enterprise community, rather than an empowerment zone. Also, an enterprise zone business includes a business located in a zone or community which would qualify if it were separately incorporated. For example, a business which is part of a national chain could qualify providing it met the definition of an enterprise zone business if it were separately incorporated.

**Limit.** A bond issue will not qualify if the total amount of outstanding enterprise zone facility bonds which can be allocated to any person (taking into account such issue) is more than \$3 million per zone or community or \$20 million for all zones and communities.

**Exemption from certain restrictions.** Qualified enterprise zone facility bonds are exempt from the general restrictions on financing the acquisition of existing property. They are also exempt from the general restriction on financing land with 25% or more of the net proceeds of a bond issue. All other tax-exempt bond rules related to exempt facility bonds apply.

**Interest not deductible.** No deduction will be allowed for bond-financed interest accruing in any year in which:

- 1) Substantially all of the facility ceases to be used in an empowerment zone or enterprise community, or
- 2) The principal user of the facility ceases to be an enterprise zone business (defined earlier).

This rule does not apply if the use of the facility ceases to qualify only because of bankruptcy or the termination or revocation of the designation as an empowerment zone or enterprise community.

## Attachment 2:

# Census data sources & required data elements

1990 census maps may be ordered by calling the Bureau of the Census at 301-763-4100 to obtain the 1990 CPH-3 Printed Reports and Maps Order Form. Use that form to order census tract/block numbering area outline maps for states or for metropolitan areas. State Data Centers or a local library may already have the CPH-3 series and maps. See Appendix 4 for a list of State Data Centers.

The following data sources are acceptable to HUD and USDA:

1990 Census Tracts/Block Numbering Areas Outline Maps.

Consult the 1982 Census of Retail Trade, RC82-C-5, Major Retail Centers in Standard Metropolitan Statistical Areas, publication for your state/metropolitan area for current designation of most recent Central Business Districts. State Data Centers should have this publication.

The Bureau of the Census CPH-3 series of publications, from the 1990 Census of Population and Housing: Population and Housing Characteristics for Census Tracts and Block Numbering Areas. This document has several tables that contain the square mile area, population, and poverty rate. Table 1 gives the land area in square miles, and the population of all persons, for each tract. Table 19 gives the poverty rate for persons, the number of people in poverty, and the universe of people for whom poverty status is determined.

Table 1. Use the following CPH-3 Tables and lines to complete the Population Worksheet on page 5:

- land area in square miles is line two of the table;
- the number of persons is line three.

Table 19:

- the "Percent below poverty level" for persons is the ninth line from the bottom;
- the number of people in poverty is the tenth line from the bottom, and
- the universe of people for whom poverty status is determined is line 32 from the bottom.

Central Business Districts were defined by some central cities of Metropolitan Statistical Areas, or other MSA cities with a population of 50,000 or more, based on this general definition from the Bureau of the Census: "areas of high land valuation; areas characterized by a high concentration of retail businesses, offices, theaters, hotels, and service businesses; areas of high traffic flow; and defined in terms of existing tract lines, i.e., consisting of one or more whole census tracts."

# State Data Centers

All States have State Data Centers (SDC's). Data centers are usually State government agencies, universities, and libraries that head up a network of affiliate centers. Below is a list of the SDC and Business/Industry Data Center (BIDC) lead agency contacts. Asterisks identify States that also have BIDC's. In some States, one agency serves as the lead for both the SDC and the BIDC; the BIDC is listed separately where there is a separate agency serving as the lead.

<b>Alabama</b>	Annette Watters, University of Alabama 205-348-6191	<b>Georgia</b>	Marty Sik, Office of Planning & Budget 404-656-0911	<b>Maine</b>	Jean Martin, Department of Labor 207-289-2271
<b>Alaska</b>	Kathryn Lizik, Department of Labor 907-465-6026	<b>Guam</b>	Peter Barcinas, Department of Commerce 671-646-5841	<b>* Maryland</b>	Robert Dadd/ Jayne Traynham, Department of State Planning 410-225-4450
<b>* Arizona</b>	Betty Jeffries, Department of Security 602-542-5984	<b>Hawaii</b>	Jan Nakamoto, Department of Business and Economic Development & Tourism 808-586-2493	<b>* Massachusetts</b>	Stephen Coelen, University of Massachusetts 413-545-3460
<b>Arkansas</b>	Sarah Breshears, University of Arkansas at Little Rock 501-569-8530	<b>Idaho</b>	Alan Porter, Department of Commerce 208-334-2470	<b>Michigan</b>	Eric Swanson, Department of Management & Budget 517-373-7910
<b>California</b>	Linda Gage, Department of Finance 916-322-4651	<b>Illinois</b>	Suzanne Ebetsch, Bureau of the Budget 217-782-1381	<b>* Minnesota</b>	David Birkholz, State Demographer's Office 612-297-2557
<b>Colorado</b>	Reid Reynolds, Department of Local Affairs 303-866-2156	<b>* Indiana</b>	Roberta Eads, State Library 317-232-3733	<b>BIDC</b>	David Rademacher, State Demographer's Office 612-297-3255
<b>* Connecticut</b>	Bill Kraynak, Office of Policy and Management 203-566-8398	<b>BIDC</b>	Carol Rogers, Business Research Center 317-274-2205	<b>* Mississippi</b>	Rachael McNeely, University of Mississippi 601-232-7288
<b>* Delaware</b>	Judy McKinney- Cherry, Development Office 302-739-4271	<b>Iowa</b>	Beth Henning, State Library 515-281-4350	<b>BIDC</b>	Bill Rigby, Division of Research & Information Systems 601-359-2674
<b>District of Columbia</b>	Gan Ahuja, Mayor's Office of Planning 202-727-6533	<b>Kansas</b>	Marc Galbraith, State Library 913-296-3296	<b>* Missouri</b>	Kate Graf, State Library 314-751-1823
<b>* Florida</b>	Steve Kimble, State Data Center 904-487-2814	<b>* Kentucky</b>	Ron Crouch, Center for Urban & Economic Research 502-588-7990	<b>BIDC</b>	Max E. Summers, Small Business Development Centers 314-882-0344
<b>BIDC</b>	Amy Schmelling, Department of Commerce 904-487-2971	<b>Louisiana</b>	Karen Paterson, Office of Planning & Budget 504-342-7410		

<b>* Montana</b>	Patricia Roberts, Department of Commerce 406-444-2896	<b>* Ohio</b>	Barry Bennett, Department of Development 614-466-2115	Office of Planning & Budget 801-538-1036	
<b>Nebraska</b>	Jerome Deichert/ Tim Humberger, University of Nebraska-Omaha 402-595-2311	<b>* Oklahoma</b>	Jeff Wallace, Department of Commerce 405-841-5184	<b>Vermont</b>	Sybil McShane, Department of Libraries 802-828-3261
<b>Nevada</b>	Betty McNeal, State Library 702-687-8326	<b>Oregon</b>	Maria Wilson- Figueroa, Portland State University 503-725-5159	<b>Virgin Islands</b>	Frank Mills, University of the Virgin Islands 809-776-9200
<b>New Hampshire</b>	Thomas J. Duffy, Office of State Planning 603-271-2155	<b>* Pennsylvania</b>	Michael Behney, Pennsylvania State University at Harrisburg 717-948-6336	<b>Virginia</b>	Dan Jones, Virginia Employment Commission 804-786-8308
<b>* New Jersey</b>	Connie O. Hughes, Department of Labor 609-984-2593	<b>Puerto Rico</b>	Jose Jimenez, Planning Board 809-728-4430	<b>* Washington</b>	George Hough, Office of Financial Management 206-586-2504
<b>* New Mexico</b>	Kevin Kargacin, University of New Mexico 505-277-6626	<b>Rhode Island</b>	Paul Egan, Department of Administration 401-277-6493	<b>* West Virginia</b>	Mary C. Harless, Office of Community & Industrial Development 304-558-4010
<b>BIDC</b>	Bobby Leitch, University of New Mexico 505-277-2216	<b>South Carolina</b>	Mike MacFarlane, Budget & Control Board 803-734-3780	<b>BIDC</b>	Randy Childs, Center for Economic Research 304-293-7832
<b>* New York</b>	Robert Scardamalia, Department of Economic Development 518-474-1141	<b>South Dakota</b>	DeVee Dykstra, University of South Dakota 605-677-5287	<b>* Wisconsin</b>	Robert Naylor, Department of Administration 608-265-1927
<b>* North Carolina</b>	Francine Stephenson, Office of State Planning 919-733-4131	<b>Tennessee</b>	Charles Brown, State Planning Office 615-741-1676	<b>BIDC</b>	Michael Knight, University of Wisconsin- Madison 608-265-3044
<b>North Dakota</b>	Dr. Richard Rathge, North Dakota State University 701-237-8621	<b>Texas</b>	Susan Tully, Department of Commerce 512-320-9667	<b>Wyoming</b>	Steve Furtney, Department of Administration & Fiscal Control 307-777-7504
		<b>* Utah</b>	Julie Johnson,		