

Building Communities Together

Application for
Designation as a
Federal
Empowerment
Zone
&
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

"We must find a way, through public and private sources, to enhance the attractiveness of distressed areas to get investment there. We cannot, I submit to you, repair the American community and restore the American family until we provide the structure, the value, the discipline and the reward that work gives."

President Bill Clinton

*Photo of the President
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President Clinton signing into law the Omnibus Budget Reconciliation Act of 1993, which created the empowerment zone program.

economic opportunity

community partnerships

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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 also show how private resources will be combined with public dollars. It should also explain how an investment by the Federal government can be structured to reap the biggest dividends possible for your community and for our nation.

Your application will be judged by both the contents of the strategic plan and the extent to which the plan reflects the participation of residents, citizens 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. For guidance on strategic planning and ideas regarding how to put together your strategic plan, you should consult the *Empowerment Zone and Enterprise Community Strategic Planning Handbook*.

community development

strategic vision for change

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**community development
economic opportunity**

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. We have assembled a partnership that is prepared to respond to you-- our communities.

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- pg **Application Forms...**
certification forms and supporting documents to be submitted when nominating an Empowerment Zone or Enterprise Community
- pg **Appendices...**
a review of resources to be utilized during the application process

strategic vision for change

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Development Secretary
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tary
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Secretary Cisneros will designate the ur-
ban zones/communities.

Secretary Espy will designate the rural
zones/communities.

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typeface)*

Zones/Communities will be designated by the appropriate Secretary in
consultation with the other members of the Community Empowerment
Board. The members of the President's Community Enterprise Board are:

The Vice President, Chair	Al Gore
The Secretary of the Treasury	Lloyd Bentsen
The Attorney General	Janet Reno
The Secretary of the Interior	Bruce Babbitt
The Secretary of Agriculture	Mike Espy
The Secretary of Commerce	Ron Brown
The Secretary of Labor	Robert Reich
The Secretary of Health and Human Services	Donna Shalalah
The Secretary of Housing and Urban Development	Henry Cisneros
The Secretary of Transportation	Federico Pena
The Secretary of Education	Richard Riley
The Administrator of the Environmental Protection Agency	Carol Browner
The Director of National Drug Control Policy	Lee Brown
The Administrator of the Small Business Administration	Ersine Bowles
The Assistant to the President for Domestic Policy, Vice-Chair ..	Carol Rascoe
The Assistant to the President for Economic Policy, Vice-Chair .	Roberta Rubin
The Chair of the Council of Economic Advisers	Laura Tyson
The Director of the Office of Management and Budget	Leon Panetta

11 others as may be designated by the President

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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 four principles of community empowerment.

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Economic Opportunity

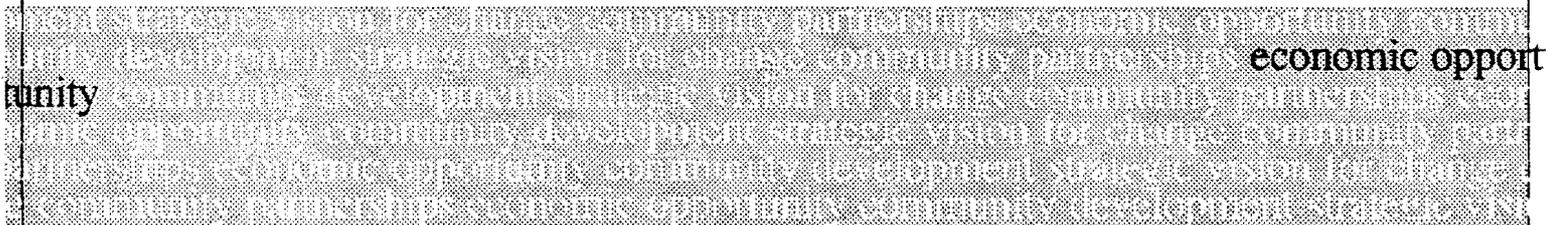
Distressed communities need to focus their efforts on achieving meaningful economic opportunities for low-income residents. The creation of meaningful jobs--with real opportunities for advancement--provides the foundation on which communities may revitalize themselves and help their residents become 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 can flourish. A community where the streets are safe to walk, the air and water are clean, housing is secure, human services are accessible and a vital civic spirit is nurtured by innovative design is a community that can be a source of strength and hope to its residents. We empower communities by supporting local efforts to transform neighborhoods, by reinvigorating economic development programs and creating new opportunities for people and businesses, and by 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 includes, among others, the political and governmental leadership, community groups, health and social service groups, the private and non-profit sectors, educational



institutions, and
other
perma-
nent
community
institutions.

Communities that
stand together are
communities that can rise
together. No community can
succeed with public resources
alone; private and non-profit support is
critical to the success of a community
seeking revitalization.

Partnerships must also be created within and
among the levels of government. Departments and agencies of
each government must work together so that their programs can be
used in a strategic and coordinated fashion. States and localities need to
work to direct their combined resources toward common problems.

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 comprehen-
sively, if you create a plan that is realistic and doable, we, the federal
government, will waive burdensome regulations and work with you to make
our programs work together. Show us an innovative vision with real
benchmarks and we will invest in your future.

Federal Level

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

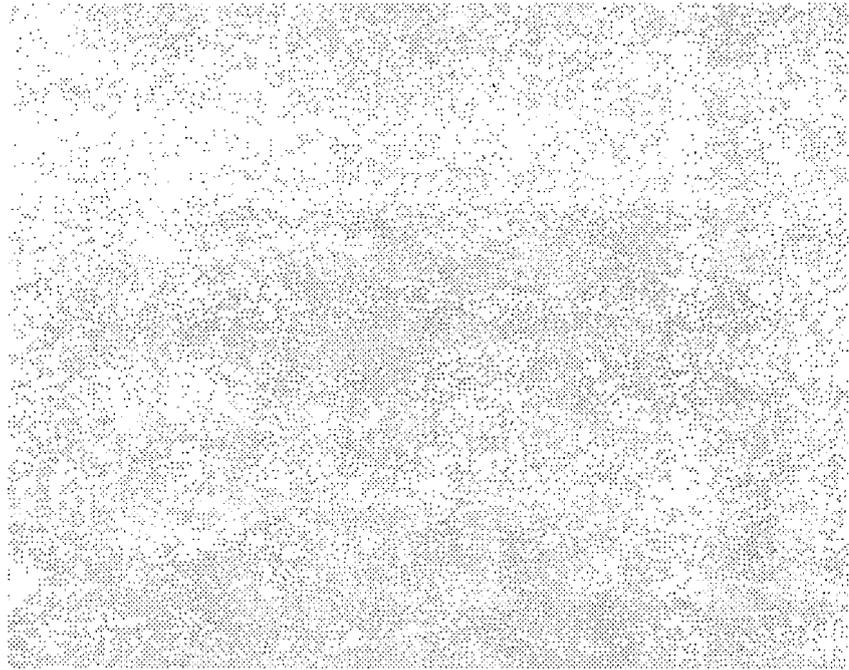
Community Level

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

development strategic vision

Strategic Vision for Change

A community's vision must identify clear goals, establish priorities and outline a future that revitalizes the area. The vision must be part of a realistic plan which identifies concrete benchmarks, and specific tasks and responsibilities. The vision must also 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, environmental, and other concerns can fit together comprehensively.



community development

Why should we apply for empowerment zone or enterprise community designation?

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 different designations. This section of the application describes the basic application process and answers many of the questions you might have.

Communities win in the application process:

- Communities gain by taking stock of their assets and problems, by creating a **vision of a better future**, and a plan for achieving it.
- **Local partnerships** will be formed between businesses, service providers, neighborhood associations, community groups and State and local governments 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** that are nominated by the community will be considered eligible for designation to receive tax preferred gifts from donors.
- Nominated areas will be considered for **requested waivers** of federal program regulations 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/Economic Community - Social Service Block Grant (EZ/EC SSBG)** funds to pass through to the community.
- Communities receive preferential status in competition for funding under numerous **Federal Programs**.
- The Federal government will focus special attention on working cooperatively with designated communities to overcome **regulatory impediments**.

Communities win in the designation as an empowerment zone:

- Communities 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 employers engaged in trade or business in the zone.
- Businesses are afforded an increased **Section 179 Deduction** for qualified properties.

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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

You can also use your EZ/EC SSBG funds for any of seven new options:

- short-term training courses in entrepreneurship and 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 and 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.

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 SSBG funds. Note that you cannot use your EZ/EC SSBG funds for the other 2 program options normally available for regular Title XX SSBG funds.

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 and opportunities for special consideration will be provided to designated zones and communities. A description of these programs can be found in the accompanying *Empowerment Zone and Enterprise Community Strategic Planning Handbook*.

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

No. While many 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 money will be provided to the relevant agency of the nominating State which must certify in this application that the entire EZ/EC SSBG amount

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will be passed through to the designated area as supplemental funds. The State must obligate all of these funds to the designated area within two years after designation. However, the designated area should not expend these funds within the first two years, but rather should expend them throughout the period covered by the strategic plan.

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

The 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." 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. *

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.*

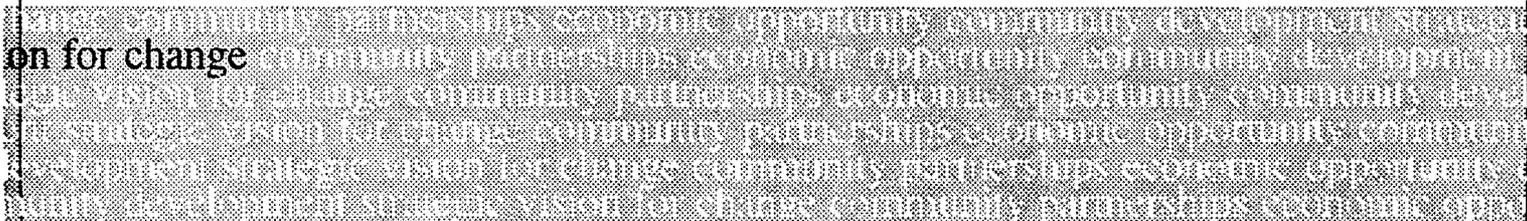
How can the community use **Tax Exempt Facility Bonds**?

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 a business and take advantage of the Empowerment Zone tax incentives?

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

* More detailed information on these tax benefits are described in appendix A.



Areas to be considered for Empowerment Zone or Enterprise Community designation must be nominated by State and local governments. There are also a number of certifications by State and local governments that must be included as part of this application. However, it is most important that the strategic plan should reflect the input of a wide range of community and other groups. In fact, some communities might choose to form special publi/private authorities or new community-wide partnerships or organizations to help develop and implement the strategic plan. Groups that participate in the development of the strategic plan are considered as Participating Entities and should be identified in the application. Since rural area governments often have limited staff, it is expected that their Participating Entities will frequently take the lead in preparing the application.

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** in which an area is located must **jointly nominate** and complete the application.
- **State chartered Economic Development Corporations** can submit an application which will be treated as nominated by a State and local government.

Applications must indicate whether the area is being nominated for an **urban or rural** designation. 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.

Population

A nominated urban area population is determined by the most populated 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 should not exceed 30,000.

Size

An Urban Area should

- 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 should

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

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Poverty rate thresholds

Urban and Rural Areas should

- 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 discretionary authority to make minor adjustments to the poverty threshold criteria through an exemption. An *exemption* may only be applied 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.

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 requests, reasonable by law, for a poverty threshold exemption. *The designating Secretaries do not have statutory authority to waive 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.

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Questions about nominating entities and eligibility requirements

What constitutes a **participating entity**?

A participating entity includes any group, organization, 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. Any local government that contains a nominated area in a designated area must jointly nominate the zone or community with the other relevant local and State governments.

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

No. Census tracts and block numbering areas can not be partially represented.

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

No. No two applications can contain any portion of the same area. Each applicant must serve an independent and unique area.

economic opportunity

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.

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

No. The legislation creating the program contained separate provisions for Indian reservations. 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 xxxxxxxxxxxxxxx).

How many applications can be submitted by a nominating entity.?

A nominating entity can submit any number of applications. But, 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.

How Does the Application Process Work?

Communities must decide what DESIGNATION to apply for. The same application, and accompanying forms are used for Empowerment Zones and Enterprise Communities in both rural and urban areas. There are, however, different handbooks to guide strategic planning in rural and urban areas. Outlined below are the individual differences for each separate designation.

Empowerment Zone

If an Empowerment Zone application is not awarded a designation it will be automatically 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 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 to ensure a place on our mailing lists so that we can provide you any updated information or requirements as well as technical assistance.

You will also receive a copy of the *Empowerment Zone and Enterprise Community Strategic Planning Handbook* as well as applicable regulations.

Elements of a Completed Application

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

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Timeline and Important Dates

Deadline: 4:00 P.M. [FRIDAY, JUNE 10], 1994

Mail or hand deliver application to one of the following addresses:

Rural Application

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

Urban Application

US Department of Housing & Urban Development
Office of Community Planning
and Development
451 Seventh Street SW Room 7255
Washington, DC 20410

Technical Assistance

- A handbook on strategic planning, *Empowerment Zone and Enterprise Community Strategic Planning Handbook*, has been prepared to assist you in developing a strategic plan. It outlines techniques for a successful community-based planning process. It also describes additional federal programs that will give special priority to designated zones and communities.

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. These workshops will provide you with the opportunity to meet with planning professionals, government representatives and a host of technical officials to discuss and plan the development of your strategic plan.

Urban Empowerment Zone Conference Schedule

(tentative December 2, 1993)

City	Date
Seattle	February 2-3 (Weds/Thurs)
St. Louis	February 8-9 (Tues/Weds)
Atlanta	February 9-10 (Weds/Thurs)
Chicago	February 15-16 (Tues/Weds)
Dallas	February 16-17 (Weds/Thurs)
New York	February 23-24 (Weds/Thurs)
Pittsburgh	March 1-2 (Tues/Weds)
Los Angeles	March 2-3 (Weds/Thurs)

Rural EZ/EC Conference Schedule

West Virginia
 North Carolina
 Florida
 Tennessee
 Texas
 Mississippi
 Arkansas

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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 link the assets and needs of the area with 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 are representative of the whole 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

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 CDCs (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, CDCs 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.

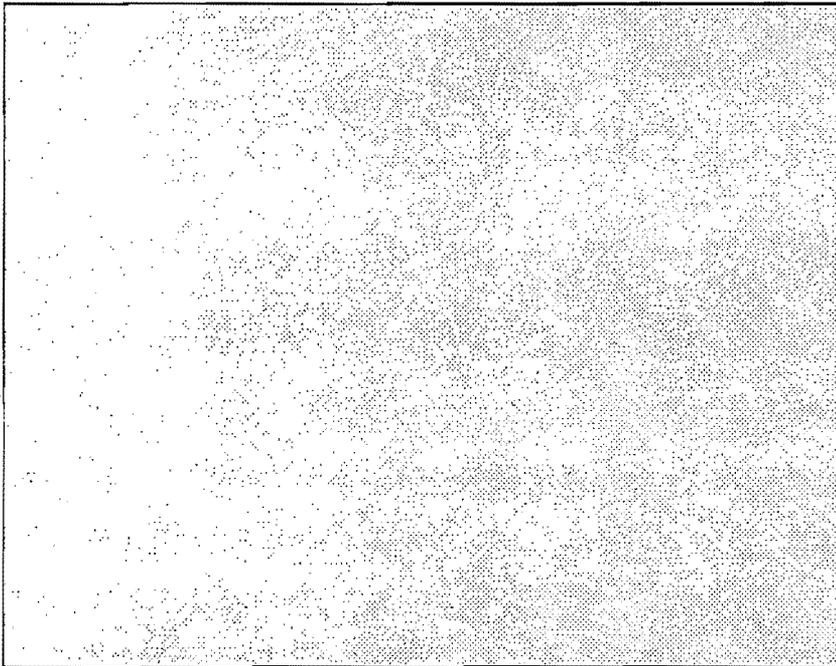
Your strategic plan should

- identify the CDCs you wish to nominate
- provide a brief history of the nominated CDCs and describe the CDCs 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 nominated CDCs will be used to provide economic opportunity for low-income residents and further implementation of the strategic plan.

Note: More information on eligible CDCs can be found in Federal Register Notice XXXX.

the key role that local schools and other health and social institutions can play as a focus of all types 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 so they have a prominent place in the daily life of the revitalized community?



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; a key export center for certain farm or industrial products; or a vibrant residential community focused around an active local school.

- Explain how your vision fulfills the key principles of creating economic opportunity and self-sufficiency and 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,

community partnerships

One Stop Capital Shop-OSCS

The Small Business Association has developed an innovative plan to target its considerable lending and community development tools to minority businesses and distressed communities. SBA's proposal will establish nine one-stop capital shops that will be located in the designated empowerment zones but will also serve as national and regional capital distribution points for underserved markets.

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 Companies (SSBIC)

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

Small Business Investment Center (SBIC)

- 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

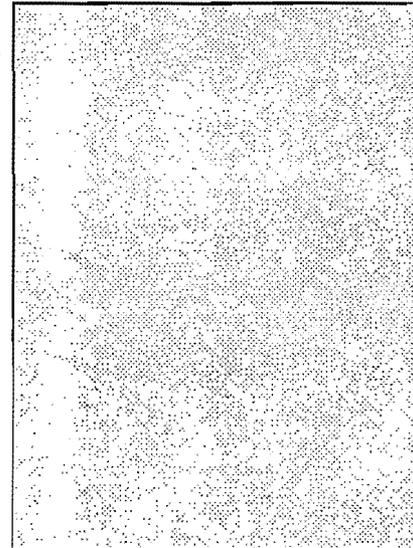
- loans of up to \$25,000 to small business by non-profit intermediary lenders

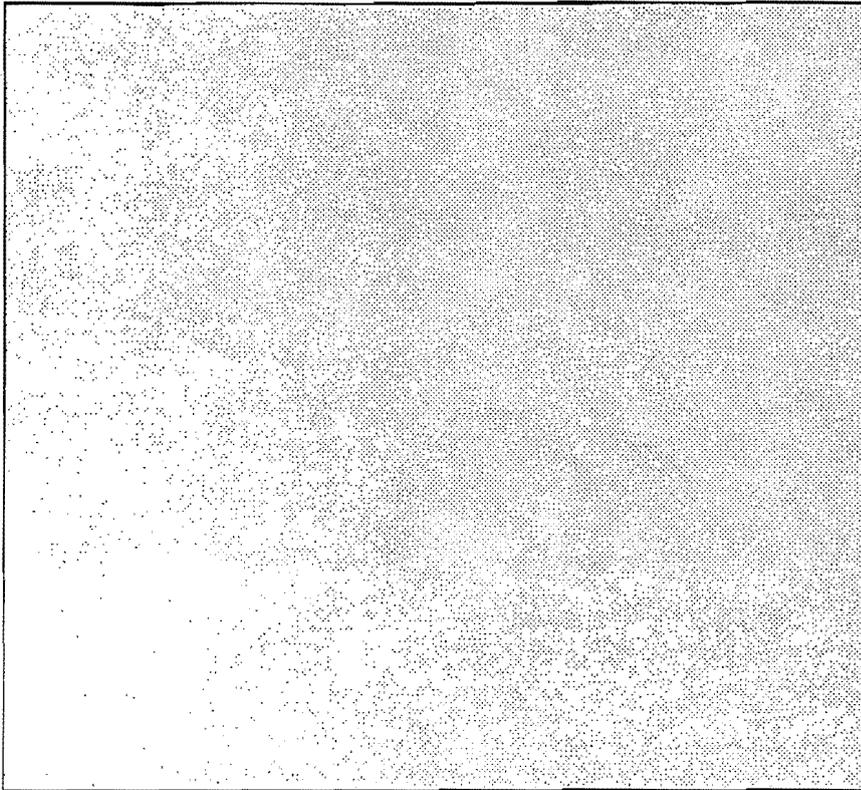
Business Information Center

- educational institutions and State agencies providing technical and managerial assistance

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

Empowerment Zone applicants 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 found in the *Empowerment Zone and Enterprise Strategic Planning Handbook*.





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 and a real responsibility for revitalizing and preserving their neighborhoods?

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, education and environmental concerns, will be addressed in a comprehensive and coordinated fashion.
- Explain how these linkages support your vision.

In addressing the above, you should consider the following:

- 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 families as a unit versus focusing on the individual at the expense of the family?
- Does your vision provide for keeping your streets safe and residents secure

**economic opportunity
community partnerships**

through community policing and mentoring program opportunities?

- 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
 - Tax benefits for designated zones or communities
 - State and local resources
 - Existing federal resources available to your locality
 - Additional federal resources you wish to apply for
- 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 additional federal resources that you or your partners are currently applying for or plan to apply for prior to your submission of this application. Your strategic plan will be considered 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?
- 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;
 - how you will provide the necessary matching funds for the Shop;

- how you will provide funding for staff for the Shop; and
- how you will provide funding for the initial operating expenses for 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 identify ways to attract investments from pension funds, credit unions and mutual institutions?
- 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, etc.) for residents of the zone or community?

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 to implement your strategic plan. Provide specific citations and, if your know, indicate which waiver requests can be accomplished administratively and which require statutory change.

strategic vision for change
community partnerships

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 ways to implement your strategic plan.

How will you implement your strategic plan and what benchmarks you will 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.
- Explain the timetable for carrying out specific tasks, the sources of funding, and who will be selected 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.

economic opportunity
community development
community development
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community partnerships

Key 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 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 will also certainly 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 that you consider critical.

Expanding Economic Opportunity

- How will businesses and jobs increase within the zone or community?
- How will residents of the zone or community receive training and other assistance to find jobs that will allow them to become economically self-sufficient?
- What will be the availability of employment opportunities that provide job advancement and mobility for residents of the zone or community?
- Is there a mechanism in your plan to encourage real community investment and create new growth through establishing or expanding community financial institutions such as community development banks, community development corporations or other community financial institutions?
- How will your plan for expanding economic opportunities be coordinated with and support your plans for community development?
- What is the interrelationship between the economic revitalization of the zone or community and the broader metropolitan or regional economies?

Building Vital Communities

- Does your plan take advantage of concepts such as urban design, amenities and sustainable development to create a vibrant community?
- How will families be strengthened and become an integral part of the community?
- How will community policing and other strategies be used to guarantee the basic safety and security of citizens and property within the zone or community?

- How will development of children and youth into economically productive and socially responsible citizens be promoted?
- Have you included a housing component that provides equal opportunity for all residents?
- How will economic development be achieved in a manner consistent with increasing the protection of public health and the environment?
- How will schools, religious institutions, non-profit organizations, for-profit enterprises and local governments work cooperatively to prepare 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?
- Have you considered how to provide and make use of cultural and recreational areas, meeting places, open spaces and quiet places, and historical landmarks?

Creating Community Partnerships for Change

- What is the nature and scope of “grassroots” zone or community organizations’ participation in the development and implementation of the strategic plan and the provision for the continued participation of those groups in the plan’s implementation in the zone or community?
- What is the nature and scope of the commitment from the private sector throughout the region to implement the strategic plan? The more legally binding a commitment, the stronger the evidence of that commitment.
- What are the nature and scope of the commitments from state and local governments to “reinvent” their roles and to provide resources to implement the strategic plan? The more legally binding a commitment, the stronger the evidence of that commitment.
- Are the entities responsible for implementing the strategic plan fully capable of doing this? Are their resources applied in a fully coordinated manner?

economic opportunity

community development

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community partnerships

Developing a Strategic Vision for Successful Change

- How creative, innovative, and promising is the strategic plan?
- Does the plan include realistic benchmarks for implementation?
- Does the vision realistically link the needs and assets of the community with a strategy for its revitalization?
- Does the vision address the needs of the entire community?

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.

Part I. Use the Identification and Certification forms in this Application package.

Part II. Complete the forms and worksheets provided in this Application package.

Parts III, IV, & V are narrative submissions. Place a tab or other separation or division between the Parts. Within each Part, number the pages sequentially, prefixed by the Part number. For example, for the Strategic Plan (Part III), the first page would be numbered III-1 and continue with III-2, III-3, III-4, etc.

The Strategic Plan, Part III, is the core of the application. Sections dealing with specified content may be tabbed or otherwise separated according to the element or other appropriate subpart. An Index to major features of the Strategic Plan may be included.

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.

**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 name here: (name and address)

intends to nominate an Empowerment Zone and Enterprise Community Designation.

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

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)

Application Category:

 Urban
 Rural Empowerment Zone
 Enterprise Community
 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:

Attach separate sheet(s), as necessary, to provide identical information for all local governments nominating the area.
Number the pages 1a, 1b, etc.

Part II: Eligibility Information and Certifications

Instructions for Source of Supporting Data

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

All data must be from the 1990 Census. Data are to be for Census Tract or Block Numbering Area, the equivalent of Census Tracts in non-tract areas.

Appendix 3 of this Application identifies where to obtain the required data and the precise data elements that are acceptable to HUD and USDA. It defines selected terms and uses of the data.

Procedures for computing the population test and the test for poverty are given on the Population Worksheet. Use the results to answer the appropriate items in Sections B and C below.

A. Attachments

These attachments are required submissions. Clearly label and/or tab each attachment and place it, in the order requested, immediately following the completed Population Worksheet(s).

- 1. Is a copy of a 1990 census map attached clearly showing:
 - a. The boundaries of the local government(s) listed in Part I, Section A? Yes No
 - b. The boundaries of the nominated area? Yes No
 - c. The exact location of any other areas previously designated or currently nominated as a Federal Empowerment Zone or Enterprise Community under this Part? Yes No

B. Size & Location of the Nominated Empowerment Zone Area

- 1. What is the square mileage of the nominated area?
- 2. Is the nominated area located wholly within the jurisdiction of the legal government(s) listed in Part I, Section A and B? Yes No
- 3. How many States are in the nominated area?
- 4. Is the boundary of the nominated area continuous? Yes No
- 5. Is there more than one noncontiguous parcel in the nominated area? Yes No
If "yes," how many?
- 6. Is the area in a census defined urbanized area in a Metropolitan Area (MSA)? Yes No
- 7. Is any portion of a central business district included? Yes No
If "yes," supply specific data required by Census Tract/Block Numbering Area on the Population Worksheet(s).
- a. Does any tract that includes the central business district have a poverty rate of less than 35%? Yes No
If "yes," eligibility is limited to Enterprise Community status.

C. Population & Poverty Rate of the Nominated Area

- 1. Does this application contain a request for a Secretarial exemption of the poverty threshold? Yes No
Poverty rate threshold exemption limits eligibility to Enterprise Community status. Only one form of the exemption can be used.

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
 - b. for the 25% threshold poverty rate
 - c. for the 35% threshold poverty rate or
 - d. for the 35% threshold poverty rate by up to 10 percentage points for three population census tracts

Reduction of poverty threshold limits eligibility to Enterprise Community status.

- 2. Do any of the Census Tracts included in the nominated area have:
 - a. no population? Yes No
 - If "yes," do 50% of the other Census Tracts have at least 35% poverty? Yes No
 - b. populations of less than 2,000? Yes No
 - If "yes," include commercial/industrial zoning certification for 75 percent of the tract.
- 3. From the attached Population Worksheet(s), provide the following information for the entire area nominated (express percentage figures to the nearest tenth of a percent):
 - a. Total 1990 census population
 - 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? Yes No

4. Urban applications only:

- What is the population of the most populous city in the nominated area?
- a. What is the name of that city?

D. 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 to on page 3? Yes No
- 2. Is the pervasive unemployment of the area detailed in the Strategic Plan and certified to on page 3? Yes No
- 3. Is the general distress including the physical and social conditions that demonstrate the general distress of the area detailed in the Strategic Plan and certified to on page 3? Yes No

III. Certifications

I hereby certify that the nominated area 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 3a, 3b, etc.

Population Data (Duplicate this page if needed. Number the added pages 4a, 4b, etc.)

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

--

Instructions:

This Worksheet must be completed to answer questions on the preceding page to demonstrate eligibility of the nominated area.

The data required are not calculations. Specific 1990 Census data are required.

Refer to Appendix to complete this Worksheet. It identifies the Census data required for each column.

List first any census tracts or block numbering areas for which an exemption is being requested.

Column 1. List all census tracts or block numbering areas located entirely within the nominated zone. If the boundary of the nominated zone splits a census tract the application cannot be accepted for processing. If the nominated zone is located in more than one county or contiguous area, a separate Population Worksheet must be completed for each.

Column 2. Enter the total 1990 population of each tract.

Column 3a. Enter the universe of persons determined in poverty status.

Column 3b. Enter the number of poverty persons in each tract.

Column 3c. Enter the percent below poverty in each tract. You should round this number to the next nearest whole digit, e.g., 34.50% and above is 35%.

	Name of County:		Name of State:			check here if any portion of a central business district is included.*	
	1. Census Geographic Area: Census Tract Code/ Block Numbering Area	2. 1990 Population	Poverty				4. Land Area (sq. miles)
			3a. Universe of persons in poverty	3b. Persons in each tract	3c. Percent below Poverty		
1.	example						
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
13.							
14.							
15.							
16.							
17.							
18.							
19.							
20.							
Totals							

* For central cities and cities with population of 50,000, see Appendix 3, column 2.

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.	

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
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:

Amount applied for:	Date of Application:	To Whom Submitted:
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Activity/Program/Project Description:

Federal Agency Name:	Name of Program:
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Applicant's Name:

Amount applied for:	Date of Application:	To Whom Submitted:
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Activity/Program/Project Description:

Federal Agency Name:	Name of Program:
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Applicant's Name:

Amount applied for:	Date of Application:	To Whom Submitted:
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Activity/Program/Project Description:

Federal Agency Name:	Name of Program:
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Applicant's Name:

Amount applied for:	Date of Application:	To Whom Submitted:
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Activity/Program/Project Description:

Federal Agency Name:	Name of Program:
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Applicant's Name:

Amount applied for:	Date of Application:	To Whom Submitted:
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Activity/Program/Project Description:

Federal Agency Name:	Name of Program:
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Applicant's Name:

Amount applied for:	Date of Application:	To Whom Submitted:
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Activity/Program/Project Description:

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 an 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."

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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.

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

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