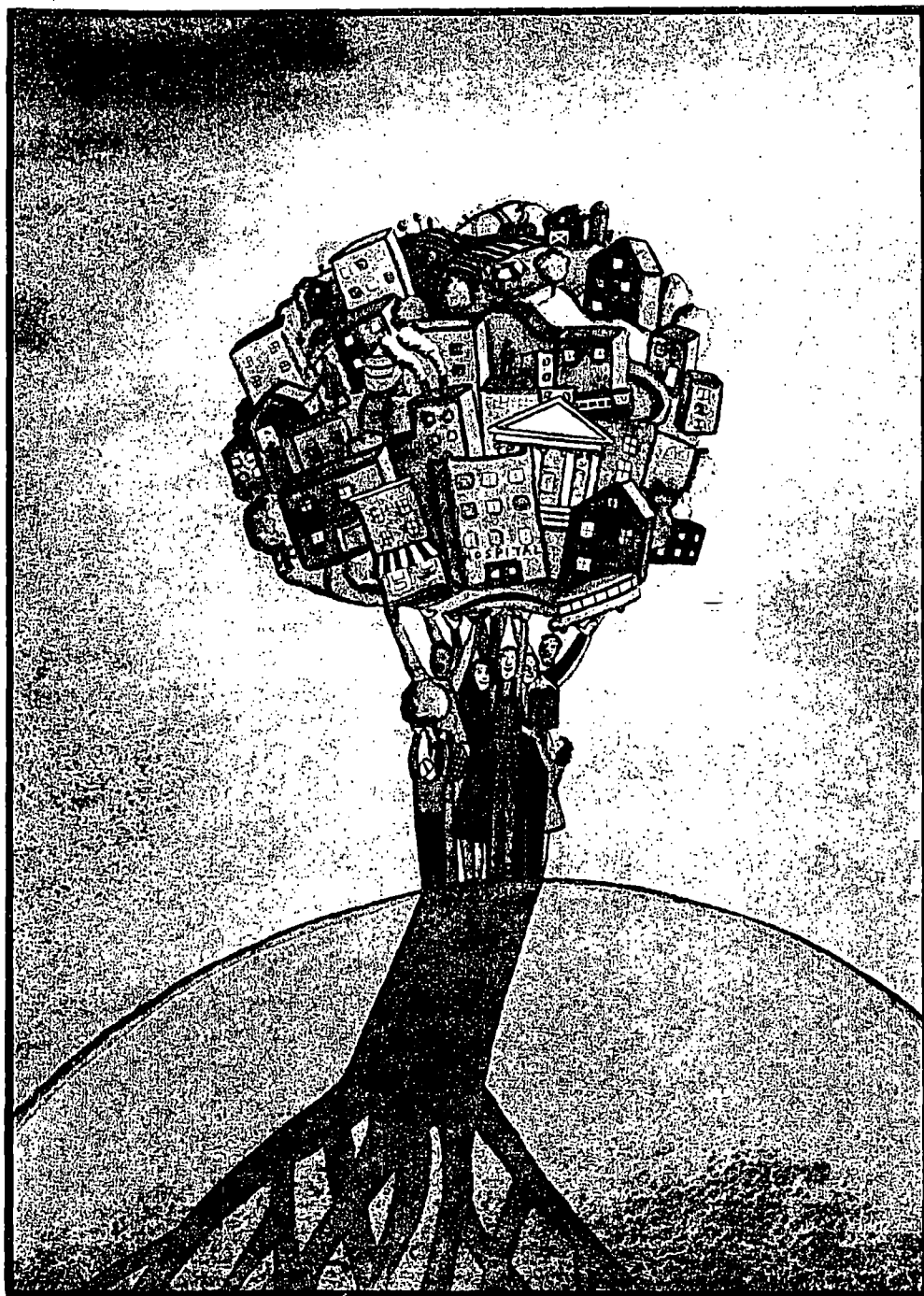


**PRESIDENT
WILLIAM J.
CLINTON**

**VICE PRESIDENT
AL GORE**



BUILDING COMMUNITIES: TOGETHER

EMPOWERMENT ZONES & ENTERPRISE COMMUNITIES

U.S. DEPARTMENT OF
HOUSING AND URBAN
DEVELOPMENT

Henry G. Cisneros, Secretary

U.S. DEPARTMENT OF
AGRICULTURE

Mike Espy, Secretary

PRESIDENT CLINTON ANNOUNCES DESIGNATION OF MORE THAN 100 EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES

Wednesday, December 21, 1994

Moving to restore economic opportunity to America's distressed neighborhoods and enable communities to take responsibility for their own futures, President Clinton will today announce the designation of more than 100 Empowerment Zones (EZs) and Enterprise Communities (ECs). The President, joined by the Vice President, will notify 15 of the designated communities via a telephone call from the Oval Office. The President and Vice President will then proceed to OEOB 450 to announce the entire list of designees and deliver remarks.

Nine Empowerment Zones - six urban (Atlanta, GA; Baltimore, MD; Chicago, IL; Detroit, MI; New York, NY; Philadelphia, PA/Camden, NJ) ; and three rural (Kentucky Highlands, KY; Mid-Delta, MS; Rio Grande Valley, TX) - will be designated. Each urban zone will receive \$100 million in flexible social service block grants and tax breaks for zone businesses; each rural zone will receive \$40 million in assistance and tax breaks.

The President will also announce the designation of two Supplemental Empowerment Zones -- Los Angeles, CA and Cleveland, OH -- which will receive economic development grants through the Department of Housing and Urban Development. Los Angeles will receive \$125 million in grants, Cleveland will receive \$90 million.

In addition, the President will name 95 Enterprise Communities -- designated to receive \$3 million each in social service block grants and tax exempt bond financing for EC businesses -- and four Enhanced Enterprise Communities. A full list of EC designees is attached. The four Enhanced ECs -- Boston, MA; Houston, TX; Kansas City, KS/Kansas City/MO; and Oakland, CA -- will receive a total of \$25 million each in economic development grants and social service grants.

The urban EZs and ECs were selected by Housing and Urban Development Secretary Henry Cisneros; the rural EZs and ECs were selected by Agriculture Secretary Mike Espy.

BACKGROUND ON PRESIDENT CLINTON'S EMPOWERMENT ZONE/ENTERPRISE COMMUNITY INITIATIVE

President Clinton's Empowerment Zone/Enterprise Community initiative represents a new way of doing business for the federal government. This approach recognizes that communities know their own needs and is based on a pact between the federal government and each EZ/EC community whereby:

The federal government, working across agency lines and in a new partnership with state and local government and the private sector, will provide distressed communities with the tools they need and the flexibility they desire, in the form of block grants, tax breaks and waivers.

In return, EZ/EC communities - residents, community leaders, businesses, state and local governments and schools - must demonstrate that they are taking responsibility for their own futures by developing and implementing a plan to utilize these tools.

The EZ/EC program was established in the Omnibus Budget Reconciliation Act of 1993. Under the program, HUD is authorized to designate six urban EZs and 65 ECs, USDA is authorized to designate three rural EZs and 30 rural ECs. In September, 1993, President Clinton established the Community Enterprise Board to assist HUD and USDA in implementing the program. *Fact sheets on the EZ/EC program, on public-private partnerships, on assistance to non-designees and on the EZ/EC application process are attached.*

ANNOUNCEMENT CALL BY THE PRESIDENT AND VICE PRESIDENT

The President and Vice President will notify 15 communities of their selection via telephone calls to their respective mayors or other designated officials. The call will be closed press, but video will be made available via satellite and audio of the calls will be available on the mults and PA of the White House Press Briefing Room.

The President and Vice President are expected to call the following officials:

Urban Empowerment Zones

Atlanta Mayor Bill Campbell, Baltimore Mayor Kurt Schmoke, Chicago Mayor Richard Daley, Detroit Mayor Dennis Archer, New York City Mayor Rudolph Guiliani, Philadelphia Mayor Ed Rendell and Camden Mayor Arnold Webster

Urban Supplemental Zones

Cleveland Mayor Mike White and Los Angeles Mayor Richard Riordan

Urban Enhanced Communities

Boston Mayor Thomas Menino, Houston Mayor Bob Lanier, Oakland Mayor Elihu Harris, Kansas City, KS Mayor Joseph Steineger and Kansas City, MO Mayor Emanuel Cleaver

Rural Empowerment Zones

Kentucky Highlands - Official TBA, Mid-Delta Region, MS - Official TBA, The Rio Grande Valley - Official TBA

FACT SHEET: EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES

Selection of EZs and ECs were based on a community's ability to satisfy four fundamental principles:

- **Economic Opportunity:** Creating jobs, attracting private partnerships and training residents for new job opportunities.
- **Sustainable Community Development:** Promoting physical and human development - such as safe streets, clean air and water, lifelong learning and a commitment to personal, family and civic responsibility - as part of a long-term strategy of economic development.
- **Community-Based Partnerships:** A strategic plan must involve the entire community, including residents, community groups, private and non-private sectors, education and religious institutions and local and state governments.
- **Strategic Vision for Change:** There must be a strategic map that coordinates a response to the needs of a community by integrating economic, physical, human and other strategies.

Summary of Federal Incentives: The federal incentives offered are: (1) tax incentives; (2) flexible block grants; (3) waivers and flexibility with existing federal resources; and (4) priority consideration for discretionary federal programs.

Overcoming Federal Barriers: A primary goal of this initiative is to renew the commitment for cooperation among the federal, state and local governments. On September 9, 1993, the President issued a Presidential memorandum creating the Community Enterprise Board (CEB) and directing 13 agency members of the Board to identify federal programs that should be coordinated in the EZ/EC initiative and to respond to the waiver requests of all EZ/EC applicants. More than 1200 waiver requests were received and are being processed. The CEB will work with all communities that have submitted a strategic plan for change -- even if they are not designated as an EZ or EC -- to overcome programmatic, regulatory and statutory impediments and encourage more effective economic, human, physical, environmental and community development strategies.

Tax Incentives: The program provides for approximately \$2.5 billion in new tax incentives. Both EZs and ECs are eligible for new tax-exempt facility bonds for certain private business activities. Businesses located in EZs will also be afforded an employer wage credit of up to \$3,000 per year per employee for wages and training expenses for employees who both work and live in the zone. Zone businesses will also be afforded additional Section 179 expensing deductions for plant and equipment of up to \$20,000 (for an annual total of up to \$37,500).

Social Services Block Grants: The EZ/EC program includes \$1 billion in flexible social services block grant (SSBG) funds that can be used to promote economic self-sufficiency and reduce dependency. In EZs, designated areas will receive \$100 million for each urban zone and \$40 million for each rural zone for approved activities identified in their strategic plans. Each EC will receive approximately \$3 million in grant funds.

HUD Supplemental Economic Development Grants: In order to enable more communities to implement their strategic plans, HUD will utilize grants, under the Economic Development Initiative (EDI), ranging from \$25 million to \$125 million to create two supplemental empowerment zones and four enhanced enterprise communities. The grants will enable communities to provide financing for economic development, housing rehabilitation and essential development projects that best meet their needs.

Additional Federal Programs: The Community Enterprise Board identified approximately \$3 billion in additional federal programs that further the goals of the EZ/EC initiative and EZ/EC applicants received technical assistance and/or priority consideration in competing for these funds. Where EZs and ECs offered viable, competitive strategies in support of their overall strategic vision, additional grants were made. Designated EZs and ECs will continue to receive such technical assistance and priority consideration during the 10-year initiative.

FACT SHEET: LOCAL AND PRIVATE SECTOR PARTICIPATION

Across the country, from the Mississippi Delta to Detroit, the existence of a common goal has brought together diverse groups that rarely, if ever, cooperated in the past. Many communities have for the first time developed a comprehensive approach to economic revitalization that encompasses both capital formation strategies and the provision of social services, such as child care, job training, education and health care. In short, all the applicants are winners.

"Whether or not Houston wins an empowerment zone designation, the participation of a wide variety of community players to prepare the application will result in on-going discussions. ... *The process has brought people together who had never worked with each other before.*" Judy Butler, aide to Mayor Bob Lanier (Houston Chronicle, May 28, 1994)

"It [the application process] also illustrates that the media's constant focus on Chicago's very-real neighborhood problems masks significant physical and human assets in these same communities. Linking these neighborhood leaders with the resources necessary to act on their plans must be a priority in the future. . . . In many respects. ... *Chicago is already a winner. The empowerment zone process is a strong statement that meaningful city government-neighborhood planning can work in Chicago.*" Thomas Lenz, Local Initiatives Support Corporation and member of Chicago's Empowerment Zone Coordinating Council (Chicago Tribune, May 23, 1994)

Examples of Private-Sector Commitment:

- In Detroit, more than \$2 billion in private sector commitments have been pledged. Major automobile companies will train and hire EZ residents. Growing industries will locate and expand in the Detroit zone. Banks will invest more than \$1 billion in homeownership and small business. Lawyers and accountants will donate their services to start-up businesses.
- Baltimore's plan leverages \$8 in outside resources for every \$1 of federal funds. Six local banks have committed over \$50 million for a variety of business and residential loans to the targeted zone. Seven foundations have committed 1% of the value of their assets each for the next 5 years for zone.
- In St. Louis, major corporations have pledged to hire more than 3000 residents in low-income neighborhoods over 10 years.
- In Boston, seven banks have committed \$5 million each for commercial lending in the proposed zone and will provide \$625,000 for minority and small business technical assistance. Boston Edison will offer deep utility discounts to new businesses that commit to employ zone residents.
- In Kentucky, the Kentucky Highlands Investment Corporation has attracted \$33 million in commitments from state and local banks to create the Development Venture Capital fund and \$11 million from local banks for free-range chicken farming.

EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES

Commitments to Non-Designated Communities

The Clinton Administration is determined to continue working with communities that do not receive EZ or EC designations. We will attempt to grant their waiver and program funding requests. We will provide technical assistance to help them implement their strategic visions. And, working through the Community Enterprise Board (CEB), we will work to reinvent the relationship between the federal government and local communities.

Immediate Contacts: Members of the HUD and USDA EZ/EC Task Force -- an interagency team comprise of approximately 50 officials from the 13 federal agencies represented on the CEB will be contacting non-designated communities to inform them about plans for future assistance.

Waivers and Federal Program Funding Requests: All communities will receive decisions on waivers and federal program funding requests that they submitted in their EZ/EC applications, whether or not they receive designations. Where legally permissible, the CEB will attempt to ensure that all EZ and EC applicants receive priority consideration for funding requests submitted in their strategic plans.

Technical Assistance: The EZ/EC Task Force will maintain a permanent unit charged with outreach to non-designated communities. HUD will also enter into a \$2 million annual contract with expert advisers who will assist non-designated communities in strategic plan components such as economic development, community participation and integrated service delivery. In addition, to assist all applicants and distressed communities, HUD and USDA will publish a 1995 guide to federal programs.

Commitments from Third Parties: The Community Enterprise Board and the EZ/EC Task force will be reaching out to interested third parties -- such as foundations, academic institutions and national business organizations -- to work on special projects that can help all EZ/EC applicants successfully implement their strategic plans. Ideas for special projects include assistance with linking communities to electronic networks so that communities can access information on best practices, programs and sources of additional assistance, publishing a best practices casebook and sponsoring regional technical assistance conferences for EZ/EC applicants.

EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES: The Application Process

Background: After a nationwide competition that attracted 520 applications, 104 communities are receiving designations either as an empowerment zones (EZs) or an enterprise communities (EC). In order to apply, communities had to meet certain eligibility criteria regarding size, poverty, unemployment and general distress. They had to be nominated by their states and local governments. And, they had to submit strategic plans developed with the input of community residents that described the community's vision for the future and explains how the vision would be implemented. Communities were given six months to develop their strategic plans.

Designating Secretaries: Secretary Cisneros of HUD is designating 6 urban empowerment zones, 2 urban supplemental zones, and 65 urban enterprise communities (4 of which are enhanced with additional economic development grants). Secretary Espy of USDA is designating 3 rural empowerment zones and 30 rural enterprise communities.

Key Evaluation Principles: The strategic plan served as the foundation for each community's applications. They were judged on the basis of four key principles: economic opportunity, sustainable community development, community-based partnerships, and strategic vision for change.

Number of Applications: By June 30, 1994, the application deadline, HUD and USDA received a total of 520 applications. HUD received 74 urban EZ and 219 urban EC applications. USDA received 88 rural EZ and 139 rural EC applications.

Review Process: An interagency review team of over 100 federal executives from the agencies of the Community Enterprise Board (CEB) thoroughly analyzed the urban and rural EZ and EC applications. The interagency team reviews resulted in extensive written and oral presentations to separate review panels set up at HUD and USDA. Review panels considered the input of the federal agencies regarding application quality, the results of the federal waiver and program funding requests, and additional analysis by the review teams. Using the information provided by the review panels, the Designating Secretaries identified EZ/EC finalists, consulted with members of the CEB on EZ finalists, and announced their proposed designations for EZs and ECs at a meeting of the CEB on December 19, 1994.

Waiver Requests: Approximately 1,138 requests made by urban EZ/EC applicants and 134 request by rural EZ/EC applicants for federal program waivers were distributed to the appropriate federal agencies represented on the CEB. The EZ/EC Task Force will continue to process the waiver requests from each of the EZ and EC applicants, whether or not the applicants receive designations.

Federal Program Funding Requests: Approximately 2,322 requests made by urban EZ/EC applicants for federal program funding have been distributed by the EZ/EC task force to federal agencies. Approximately 466 requests were made by rural EZ/EC applicants. The EZ/EC Task Force will continue to work with designated communities on these requests.

EMPOWERMENT ZONES

URBAN EMPOWERMENT ZONES

Atlanta GA
Baltimore MD
Chicago IL
Detroit MI
New York NY
Philadelphia PA & Camden NJ

URBAN SUPPLEMENTAL ZONES

Los Angeles CA
Cleveland OH

RURAL EMPOWERMENT ZONES

Kentucky Highlands
(Clinton, Jackson, Wayne Counties, KY)

Mid-Delta Mississippi
(Bolivar, Holmes, Humphreys, Leflore Counties, MS)

Rio Grande Valley Texas
(Cameron, Hidalgo, Starr, Willacy Counties, TX)

URBAN ENHANCED ENTERPRISE COMMUNITIES

Boston MA
Houston TX
Kansas City KS -- Kansas City, MO
Oakland CA

URBAN AND RURAL ENTERPRISE COMMUNITIES

<u>STATE</u>	<u>RURAL ECs</u>	<u>URBAN ECs</u>
ALABAMA	Chambers County	Birmingham
	Greene & Sumter Counties	
ALASKA	--	-- [None Eligible]
ARIZONA	Arizona Border Region: Cochise, Santa Cruz & Yuma Counties	Phoenix
ARKANSAS	Mississippi County	Pulaski County
	Eastern Arkansas: Cross, Lee, Monrow & St. Francis County	
CALIFORNIA	Imperial County	Los Angeles (South Central/Huntington Park)
	City of Watsonville: Santa Cruz County	San Diego
		San Francisco (Hunters Point)
COLORADO	--	Denver
CONNECTICUT	--	Bridgeport

STATE**RURAL ECs****URBAN ECs**

		New Haven
DELAWARE	--	Wilmington
DISTRICT OF COLUMBIA	--	Washington
FLORIDA	Jackson County	Dade County/Miami
		Tampa
GEORGIA	Crisp & Dooly Counties	Albany
	Central Savannah River Area: Burke, Hancock, Jefferson, McDuffie, Taliaferro & Warren Counties	
HAWAII	--	-- [No Applicants]
IDAHO	--	-- [No Applicants]
ILLINOIS	---	East St. Louis
		Springfield
INDIANA	--	Indianapolis

STATE**RURAL ECs****URBAN ECs**

IOWA	--	Des Moines
KANSAS	--	--
KENTUCKY	McCreary County	Louisville
LOUISIANA	Northeast Louisiana Delta: Madison County	New Orleans
	Macon Ridge: Catahoula, Concordia, Franklin, Morehouse & Tensas County	Ouachita Parish
MAINE	--	-- [No Applicants]
MARYLAND	--	--
MASSACHUSETTS	--	Lowell
		Springfield
MICHIGAN	Lake County	Flint
		Muskegon
MINNESOTA	--	Minneapolis
		St. Paul

STATE**RURAL ECs****URBAN ECs**

MISSISSIPPI	North Delta: Panola, Quitman & Tallahatchie Counties	Jackson
MISSOURI	City of East Prairie: Mississippi County	St. Louis
MONTANA	--	-- [No Applicants]
NEBRASKA	--	Omaha
NEVADA	--	Clark County/Las Vegas
NEW HAMPSHIRE	--	Manchester
NEW JERSEY	--	Newark
NEW MEXICO	Mora, Taos & Rio Ariba Counties	Albuquerque
NEW YORK	--	Albany
		Buffalo
		Newburgh-Kingston
		Rochester

STATE**RURAL ECs****URBAN ECs**

NORTH CAROLINA	Halifax, Edgecombe & Wilson Counties	Charlotte
	Robeson County	
NORTH DAKOTA	---	--- [No Applicants]
OHIO	Greater Portsmouth: Scioto County	Akron
		Columbus
OKLAHOMA	Southeast Oklahoma: Choctaw & McCurtain Counties	Oklahoma City (EZ)
OREGON	Josephine County	Portland
PENNSYLVANIA	City of Lock Haven: Clinton County	Harrisburg
		Pittsburgh
RHODE ISLAND	---	Providence
SOUTH CAROLINA	Williamsburg County & Lake City: Florence & Williamsburg Counties	Charleston
SOUTH DAKOTA	Beadle & Spink Counties	--- [No Applicants]

STATERURAL ECsURBAN ECs

TENNESSEE	Fayette & Haywood Counties	Memphis
	Scott County	Nashville
TEXAS	--	Dallas
		El Paso
		San Antonio
		Waco
UTAH	--	Ogden
VERMONT	--	Burlington
VIRGINIA	Accomack & Northampton Counties	Norfolk
WASHINGTON	Lower Yakima County	Seattle
		Tacoma
WEST VIRGINIA	Central Appalachia: Braxton, Clay, Fayette, Nicholas & Roane Counties	Huntington
	McDowell County	

STATE**RURAL ECs****URBAN ECs**

WISCONSIN	--	Milwaukee
WYOMING	--	-- [No Applicants]