

**COMMUNITY PLANNING AND DEVELOPMENT  
EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES/RENEWAL COMMUNITIES  
2012 Summary Statement and Initiatives  
(Dollars in Thousands)**

<b>EMPOWERMENT ZONES</b>	<b><u>Enacted/ Request</u></b>	<b><u>Carryover</u></b>	<b><u>Supplemental/ Rescission</u></b>	<b><u>Total Resources</u></b>	<b><u>obligations</u></b>	<b><u>Outlays</u></b>
2010 Appropriation .....	...	...	...	...	...	\$35,058
2011 CR .....	...	...	...	...	...	1,200
2012 Request .....	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Program Improvements/Offsets .....	...	...	...	...	...	-1,200

**Summary Statement**

No new appropriation is requested for the Empowerment Zone (EZ) and Renewal Community (RC) programs in fiscal year 2012. The EZ tax incentives are set to expire on December 31, 2011 and the RC tax incentives have not been extended beyond December 31, 2009. The Administration proposes a new Growth Zones program, which will be administered by the Economic Development Administration (EDA) within the Department of Commerce. Growth Zones will build on the successes of EZs and provide streamlined support to distressed communities. These zones will receive small grants for planning and seed capital, Federal program flexibility, and two tax incentives: an employment incentive and an investment incentive. HUD will partner with EDA to select the urban zones and provide technical support to make the zones successful.

**Program Overview**

The Omnibus Budget Reconciliation Act of 1993 authorized the Secretary of HUD to designate six urban EZs (one EZ from this round is no longer designated as such) and 65 urban Round I Enterprise Communities (ECs). The Taxpayer Relief Act of 1997 later authorized two additional Round I urban EZs. This Act also authorized the Secretary to designate 15 Round II urban EZs. The 2000 Community Renewal Tax Relief Act (CRTR Act) authorized the Secretary to designate 40 Renewal Communities (28 urban, 12 rural) and eight Round III Empowerment Zones and provided tax incentive provisions to support community revitalization efforts. The 2010 Tax Cut, Unemployment Reauthorization, and Job Creation Act of 2010 extended the designations of the Round I, II, and III EZs through December 31, 2011.

The goal of the EZ programs was to create sustainable, long term economic development in distressed areas by using a strategic plan developed and implemented through partnerships among private, public, and non-profit entities. Residents provided input into what happens in their neighborhoods. Each community developed quantifiable goals and ways to measure the results of implementation. Although these communities' primary benefit was tax incentives, HUD was responsible for measuring performance of the communities.

Empowerment Zones/Enterprise Communities/Renewal Communities

Area Characteristics	
Designated Areas	30
EZ Census Tracts	728
Businesses in EZs (2006)	127,763
Residents in EZs (2000)	1,859,535
Average Poverty (2000)	38.28%
Average Unemployment (2000)	16.61%

HUD-designated EZ communities encompass 1.9 million residents living in over 700 high poverty, high unemployment Census tracts. The average poverty rate for EZ communities is 38.28 percent, and the average unemployment rate is 16.61 percent, both well above national averages. The EZ tax incentives reduced the cost of capital for area businesses and provided strong incentives for business owners to hire and retain residents from the designated areas, as well as purchase new equipment, renovate and expand operations, and otherwise invest in the revitalization of distressed neighborhoods. The incentives included employment credits for hiring and retaining local residents, accelerated depreciation for commercial construction and substantial rehabilitation, low-cost loans through the issuance of tax-exempt bonds, tax deductions for purchasing equipment, and other incentives.

In addition to tax incentives, 15 EZ designees received a total of \$385 million in appropriations between fiscal years 1999 and 2005. EZ grantees have used the funds to undertake a range of community revitalization and economic development activities, consistent with a locally developed 10-year strategic plan. HUD performance data for grant funded projects indicate successful leveraging of grant dollars with other sources: for 993 EZ projects completed to date, EZs have leveraged \$384 million in HUD grant funds to attract \$1.567 billion in funds from other public and private sources.

The National Defense Appropriations Act of 1991 (31 USC 1552) requires that funds from 2003-2005 appropriations that remain unexpended after September 30, 2010, be returned to the Federal Treasury. HUD closed out all grant-funded activities in fiscal year 2010, recovering \$345 thousand in unexpended grant money. In total, grantees disbursed \$383,808,219.40, which was 99.89 percent of all funds. Small outlays in this program will continue in 2011 with the recapture of funds from pre-2003 no-year appropriations.

Empowerment Zones/Enterprise Communities/Renewal Communities

<b>Empowerment Zone Economic Activity</b>			
<b>EZ Activity</b>	EZ Bonds Issued	\$643,291,594	
	EZ Grant Leveraging for completed projects	HUD EZ Grant Invested	Total Other Funds Invested
		\$383,808,219	\$1,567,660,862
	Employment Credits Claimed on Individual Returns (1997- 2008)	\$347,071,573	

**Program Evaluation and Performance Reporting**

Empowerment Zones report annually to HUD using HUD's online Performance Measurement System (PERMS). The data for each community is publically available on HUD's website at <http://www5.hud.gov/urban/perms/perms.asp>. The program office reviews each annual report to evaluate progress and determine continued eligibility for each designee. Annual performance reports provide both narrative and quantitative data regarding activities underway in EZ communities. HUD also established a productive partnership with the Internal Revenue Service (IRS) to obtain summary EZ utilization data. The partnership was established in a memorandum of agreement effective October 2006. Data provided by the IRS constitutes a reliable and accurate source for the program's single performance indicator: the annual dollar amount of employment credits claimed by sole proprietors.

Empowerment Zones/Enterprise Communities/Renewal Communities

**COMMUNITY PLANNING AND DEVELOPMENT  
EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES/RENEWAL COMMUNITIES  
SUMMARY OF RESOURCES BY PROGRAM  
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2010 Budget Authority</u>	<u>2009 Carryover Into 2010</u>	<u>2010 Total Resources</u>	<u>2010 Obligations</u>	<u>2011 CR</u>	<u>2010 Carryover Into 2011</u>	<u>2011 Total Resources</u>	<u>2012 Request</u>
Empowerment Zones/Enterprise Community/Renewal Communities .....	...	...	...	...	...	...	...	...
Total .....	...	...	...	...	...	...	...	...
 <u>FTE</u>	<u>2010 Actual</u>	<u>2011 Estimate</u>	<u>2012 Estimate</u>					
Headquarters .....	11	10	5					
Field .....	<u>3</u>	<u>3</u>	<u>1</u>					
Total .....	14	13	6					

Empowerment Zones/Enterprise Communities/Renewal Communities

**COMMUNITY PLANNING AND DEVELOPMENT  
EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES/RENEWAL COMMUNITIES  
Program Offsets  
(Dollars in Thousands)**

<b>Empowerment Zones/Enterprise Community/Renewal Communities</b>	<b><u>Amount</u></b>
2010 Appropriation .....	...
2011 CR .....	...
2012 Request .....	<u>...</u>
Program Improvements/Offsets .....	...

**Proposed Actions**

No new appropriation is requested for the Empowerment Zones (EZ) and Renewal Communities (RC) programs in fiscal year 2012. The EZ tax incentives are set to expire on December 31, 2011 and the RC tax incentives have not been extended beyond December 31, 2009.

Empowerment Zones/Enterprise Communities/Renewal Communities

**COMMUNITY PLANNING AND DEVELOPMENT  
EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES/RENEWAL COMMUNITIES  
CROSSWALK OF 2010 AVAILABILITY  
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2010 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2010 Resources</u>
Empowerment Zones/Enterprise Community/Renewal Communities .....	...	...	...	...	...	...
Total .....	...	...	...	...	...	...

Empowerment Zones/Enterprise Communities/Renewal Communities

**COMMUNITY PLANNING AND DEVELOPMENT  
EMPOWERMENT ZONES/ENTERPRISE COMMUNITIES/RENEWAL COMMUNITIES  
Crosswalk of 2011 Changes  
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2011 President's Budget Request</u>	<u>2011 CR</u>	<u>2011 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2011 Resources</u>
Empowerment Zones/Enterprise Community/Renewal Communities .....	...	...	...	...	...	...
Total .....	...	...	...	...	...	...