

1 **DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

2 **[Docket No.5774-N-04]**

3 **Promise Zones Initiative: Third Round Selection Process**  
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5 **AGENCY:** Office of the Assistant Secretary for Community Planning and Development, HUD.

6 **ACTION:** Notice.

7 **SUMMARY:** Through this notice, HUD provides notice on the selection process, criteria, and  
8 application submission for the third round of the Promise Zone initiative.

9 **DATES:** Application due date is 5:00 p.m. on November XX, 2015.

10 **ADDRESSES:** Interested eligible organizations are invited to submit applications for a Promise  
11 Zone designation. Questions or comments regarding the application process should be directed  
12 by email to [Promisezones@hud.gov](mailto:Promisezones@hud.gov). Questions or comments may also be directed by postal mail  
13 to the Office of the Deputy Assistant Secretary for Economic Development, U.S. Department of  
14 Housing and Urban Development, 451 Seventh Street, SW, Room 7244, Washington, DC 20410  
15 ATTN: Promise Zone Selections.

16 **FOR FURTHER INFORMATION CONTACT:** Bryan Herdliska, U.S. Department of  
17 Housing and Urban Development, 451 7<sup>th</sup> Street, SW, Washington, DC, 20410; telephone  
18 number 202-402-XXXX. This is not a toll-free number. Persons with hearing or speech  
19 impairments may access this number through TTY by calling the toll-free Federal Relay Service  
20 at (800) 877-8339.

21 **SUPPLEMENTARY INFORMATION:**

22 **Background**

23 In his 2013 State of the Union address, President Obama announced the establishment of  
24 the Promise Zones initiative to partner with high-poverty communities across the country to

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1 create jobs, increase economic security, expand educational opportunities, increase access to  
2 quality, affordable housing, and improve public safety.<sup>1</sup> On January 8, 2014, the President  
3 announced the first five Promise Zones, which are located in: San Antonio, TX; Philadelphia,  
4 PA; Los Angeles, CA; Southeastern Kentucky, KY; and the Choctaw Nation of Oklahoma, OK.  
5 On April 28, 2015, eight more Promise Zones were designated as part of the third round Promise  
6 Zone selection process, which are located in: Camden, NJ; Hartford, CT; Indianapolis, IN;  
7 Minneapolis, MN; Sacramento, CO; St. Louis County, MO; South Carolina Low Country; and  
8 Pine Ridge Indian Reservation of the Oglala Sioux Tribe, SD. Each of these communities (nine  
9 urban, two rural, and two tribal) submitted a plan on how it will partner with local business and  
10 community leaders to make investments that reward hard work and expand opportunity. In  
11 exchange, the Federal government is helping these Promise Zone designees secure the resources  
12 and flexibility they need to achieve their goals.<sup>2</sup> The urban designations were conferred by HUD,  
13 while the rural and tribal designations were conferred by U.S. Department of Agriculture  
14 (USDA).

### 15 **Promise Zones Benefits**

16 The Promise Zone designation partners the Federal government with local leaders who  
17 are addressing multiple community revitalization challenges in a collaborative way and have  
18 demonstrated a commitment to results. Further, Promise Zones will be assigned Federal staff to  
19 help navigate the array of Federal assistance and programs already available to them. In  
20 addition, eligible applicants in Promise Zones will receive any available (a) preference for

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3 <sup>1</sup> See [http://www.whitehouse.gov/the-press-office/2013/02/15/fact-sheet-president-s-plan-ensure-hard-work-leads-](http://www.whitehouse.gov/the-press-office/2013/02/15/fact-sheet-president-s-plan-ensure-hard-work-leads-decent-living)  
4 [decent-living](http://www.whitehouse.gov/the-press-office/2013/02/15/fact-sheet-president-s-plan-ensure-hard-work-leads-decent-living).

5 <sup>2</sup> See [http://www.whitehouse.gov/the-press-office/2014/01/08/fact-sheet-president-obama-s-promise-zones-](http://www.whitehouse.gov/the-press-office/2014/01/08/fact-sheet-president-obama-s-promise-zones-initiative)  
6 [initiative](http://www.whitehouse.gov/the-press-office/2014/01/08/fact-sheet-president-obama-s-promise-zones-initiative).

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1 certain competitive Federal programs and (b) technical assistance. Subject to enactment by  
2 Congress, businesses investing in Promise Zones or hiring residents of Promise Zones will be  
3 eligible to receive tax incentives. Altogether, this package of assistance will help local leaders  
4 accelerate efforts to revitalize their communities.

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6 The Promise Zone designation will be for a term of 10 years and may be extended as  
7 necessary to capture the full term of availability of the Promise Zone tax incentives, if the tax  
8 incentives are enacted. During this term, the specific benefits made available to Promise Zones

9 may vary from year to year, and sometimes more often than annually, due to changes in Federal

10 agency policies and changes in appropriations and authorizations for relevant programs. All

11 assistance provided to Promise Zones is subject to applicable regulations, statutes, and changes

12 in federal agency policies, appropriations, and authorizations for relevant programs. Subject to

13 these limitations, the Promise Zone designation commits the Federal government to partner with

14 local leaders who are addressing multiple community revitalization challenges in a collaborative

15 way and have demonstrated a commitment to results.

### 16 **Response to Public Comment**

17 On July 29, 2015, HUD published a notice in the Federal Register at 80 FR 45227 to

18 solicit comments from first round applicants, interested parties, and the general public on the

19 Promise Zones initiative and the proposed selection process for the of Promise Zone

20 designations. The public comment period closed on September 28, 2015. HUD received 21

21 communications containing public comments. HUD and USDA, in consultation with federal

interagency partners of the Promise Zone initiative, provided responses to public comments on

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1 the application process which have been included in the updated Frequently Asked Questions  
2 (FAQs). The FAQs can be found at [www.hud.gov/promisezones](http://www.hud.gov/promisezones).

### 3 **Promise Zones Selection Process**

4 This notice announces the opening of the application period for a of Promise Zone  
5 designations. HUD and USDA have reorganized and revised the Application Guide to clarify  
6 elements that applicants found particularly difficult and incorporate some comments. The MAX  
7 Survey online survey system, which is used for submitting certain components of the application,  
8 has also been reorganized. Applications are due by 5:00 p.m. EST on November 21, 2015 with  
9 announcements expected in 2015. As a result of this competition, HUD intends to designate five  
10 urban communities and USDA intends to designate one rural and one tribal community. A total  
11 of 20 Promise Zone designations will be made by the end of calendar year 2016.

12 Due to the cross-disciplinary nature of the initiative, the list of eligible Lead Applicants  
13 has been updated to reflect that Promise Zone activities are likely to be carried out by a variety of  
14 organizations and organization types, including organizations that have specific roles in the  
15 delivery of programs funded by different Federal agencies. Most such organizations are eligible  
16 under the categories of governmental and nonprofit organizations that were previously listed as  
17 eligible Lead Applicants. HUD and USDA included examples might encourage communities to  
18 engage organizations that are the most appropriate to respond to their needs and lead  
19 revitalization efforts. Eligible Lead Applicants for Urban Promise Zone designations are: Units  
20 of General Local Government (UGLG)<sup>3</sup>; An office/department of a local government submitting  
21 on behalf of the local government under a local delegation of authority; Nonprofit organizations

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3 <sup>3</sup> Unit of general local government as defined in section 102(a)(1) of the Housing and Community Development Act  
4 of 1974 (42 U.S.C. 5302(a)(1)). [See definition \(a\) \(1\) Unit of General Local Government.](#)

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1 applying with the support of the UGLG; and Public Housing Agencies, Community Colleges,  
2 Local Education Agencies (LEAs), or Metropolitan Planning Organizations (MPOs) applying  
3 with the support of the UGLG.

4 Eligible Lead Applicants for Rural and Tribal Promise Zone designations are: Local  
5 governments (which includes county, city, town, township, parish, village, governmental  
6 authority or other general-purpose political subdivision of a state or combination thereof) and  
7 Federally-recognized tribes<sup>4</sup>; Nonprofit organizations applying in partnership with local  
8 government or tribal government; Housing authorities applying in partnership with local  
9 government, or Tribally Designated Housing Entities (TDHEs) applying in partnership with  
10 tribal government; or Local Education Agencies (LEAs) applying in partnership with local or  
11 tribal government; or community colleges applying in partnership with local or tribal  
12 government.

13 Any Lead Applicant whose proposed Promise Zone boundaries meet the qualifying criteria  
14 set forth in the Third Round Application Guide is eligible to apply for a Promise Zone  
15 designation. All of the following must be present in an application for a proposed Urban Promise  
16 Zone to be eligible for a designation: (1) Proposed Promise Zone must have one contiguous  
17 boundary and cannot include separate geographic areas<sup>5</sup>; (2) The rate of overall poverty or

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3 <sup>4</sup> “Tribal applicants” are: Federally-recognized tribes as well as duly established political subdivisions of a  
4 Federally-recognized tribe. A “Federally-recognized tribe” is any Indian tribe, band, nation, or other organized  
5 group or community of Indians, including any Alaska Native village or regional or village corporation as defined in  
6 or established pursuant to the Alaska Native Claims Settlement Act [43 USCS §§ 1601 et seq.], that is recognized as  
7 eligible for the special programs and services provided by the United States to Indians because of their status as  
8 Indians pursuant to the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.) A Nonprofit  
9 organization applying in partnership with a Federally-recognized tribal government may apply as a tribal applicant.  
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11 <sup>5</sup> Applicants are required to use the Promise Zone mapping tool to show both the boundary and the  
12 poverty levels. The mapping tool emails this information as a PDF to the applicant. This PDF, in its

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Extremely Low Income rate (whichever is greater) of residents within the Promise Zone must be at or above 32.5%<sup>6</sup>; (3) Promise Zone boundaries must encompass a population of at least 10,000 but no more than 200,000 residents; (4) The Promise Zone application must affirmatively demonstrate support from all mayors or chief executives of UGLGs that include any geographical area within the proposed Promise Zone boundary, subject to the following conditions:

- Counties and county equivalents (collectively “counties”)<sup>7</sup>. The chief executive of a county must demonstrate support for any Promise Zone Plan (Plan) that includes an area within the unincorporated boundaries of the county. The chief executive of a county may support as many Plans as he or she wishes in incorporated areas within the county, but may only support one Plan that includes an area within the unincorporated boundaries of the county. If the chief executive of a county supports multiple Plans, the chief executive must include an explanation of how the county intends to work with multiple designees at the same time and sustain the necessary level of effort, resources, and support for each designee for the full term of each designation.
- UGLGs other than counties. For UGLGs other than counties, the chief executive of an UGLG must demonstrate support for a Plan that includes any area within the geographic boundaries of the UGLG. The chief executive of UGLGs that are not counties may support only one Plan. If the chief executive of an UGLG that is not a county supports

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entirety, must be included in the application. See page XX of the Application Guide for more information on the mapping tool.

<sup>6</sup> The reported poverty rate or Extremely Low Income rate will be rounded to the nearest .1%.

<sup>7</sup> Note the reference to county includes all county equivalents, such as parishes.

more than one Plan, HUD will disqualify all Promise Zone applications supported by that chief executive.

- Crossing Jurisdictions. The Promise Zone application must demonstrate support for the Plan from all chief executives of UGLGs included within the proposed Promise Zone boundary. The chief executive of a county must demonstrate support for any Plan that includes area within the unincorporated boundaries of the county. For UGLGs other than counties, the chief executive of an UGLG must demonstrate support for a Plan that includes any area within the geographic boundaries of the UGLG. For example, a Plan that includes areas in two cities requires the support of the chief executives from both cities. A Plan that includes area within the boundaries of a city and the unincorporated boundaries of the county requires support from the chief executive of the city and the chief executive of the county.
- UGLGs with Designated Promise Zones. If a Promise Zone designated in Round 1 or 2 is located within a UGLG in which a new application is being submitted, the applicant must include an explanation of how, if a second Promise Zone designation is made, the UGLG plans to work with both of the Promise Zone designees at the same time and sustain the level of effort, resources and support committed to each Promise Zone under its respective Promise Zone Plan for the full term of each Promise Zone designation. This explanation must be evidenced by commitments from the UGLG in materials submitted by the chief executive in support of the application.

	<b>Is support from the chief executive of City</b>	<b>Is support of the chief executive of City</b>	<b>Is support of the chief executive of</b>
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	X required?	Y required?	County Z required?
The PZ Plan is for an area entirely within the boundaries of City X.	Yes.*	No.	No.**
The PZ Plan is for an area entirely within the boundaries of City Y.	No.	Yes.*	No.**
The PZ Plan is for an area entirely within the boundaries of unincorporated area of County Z.	No.	No.	Yes.***
The PZ Plan consists of area within City X and City Y.	Yes*	Yes.*	No.**
The PZ Plan consists of area within City Y and an area within the unincorporated boundaries of County Z.	No.	Yes.*	Yes.***
The PZ Plan consists of area within City X, area within City Y, and area within the unincorporated boundaries of County Z.	Yes.*	Yes.*	Yes.***

\* For UGLGs other than counties, the chief executive of an UGLG must demonstrate support for a Plan that includes any area within the geographic boundaries of the UGLG.

\*\* However, the chief executive of a county may support as many Plans as he or she wishes in incorporated areas within the county.

\*\*\* The chief executive of a county must demonstrate support for any Promise Zone Plan that includes area within the unincorporated boundaries of the county.

2 **Rural and Tribal Promise Zone Designations**

3 All the following must be present to be eligible for a Rural or Tribal Promise Zone  
 4 designation: (1) Rural and Tribal Promise Zones must encompass one or more census tract(s)  
 5 across a contiguous geography.<sup>8</sup> Rural applicants can define their boundaries by either census

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3 <sup>8</sup> For rural and tribal applications, Promise Zone boundaries that cross state lines and water borders can be  
 4 considered contiguous.



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3 tracts or by county, where multiple counties are included. Tribal applicants can define  
4 boundaries which may encompass: one or more census tracts and nearby tribally-controlled  
5 areas; or reservations; or consortia of tribal and non-tribal jurisdictions; (2) Promise Zone  
6 boundaries must encompass a population of no more than 200,000 residents.<sup>9</sup> The population  
7 limit of 200,000 may not include any incorporated municipalities or unincorporated areas with  
8 individual populations greater than 50,000. Rural and tribal Promise Zones may fall in non-metro  
9 and metro counties; (3) The rate of overall poverty or Extremely Low Income rate (whichever is  
10 greater)<sup>10</sup> of residents within the Promise Zone must be at or above 20 percent and the Promise  
11 Zone must contain at least one census tract with a poverty rate at or above 30 percent<sup>11</sup>; and (4)  
12 Local leadership must demonstrate commitment to the Promise Zone effort. Tribal applications  
13 must include commitment of tribal jurisdiction(s) represented. Proposed Promise Zone  
14 boundaries may cross UGLG or tribal area lines, but one Lead Applicant must be identified, and  
15 for cross-jurisdictional applications, commitment must be demonstrated by the leadership of all  
16 UGLGs or tribal areas involved.

## 15 **Application Review**

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17 Applications for Promise Zone designations will be reviewed by representatives from  
18 USDA, HUD, the Department of Education, the Department of Justice, the Department of Health

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3 <sup>9</sup> The population limit of 200,000 is intended to allow for regional collaboration among multiple communities of  
4 varying sizes and capacities. The rural eligibility criteria ensure, by definition, that rural Promise Zone applications  
5 cannot include communities over 50,000.

6 <sup>10</sup> The estimated concentration of Extremely Low Income (ELI) households represents an approximation of the  
7 percent of households within the specified area whose household combined income is below 30% of the HUD  
8 defined Area Median Income (AMI). This ELI indicator is calculated with data from the block group level from  
9 Comprehensive Housing Affordability Strategy (CHAS) 2010. The final number included in this report for "poverty  
10 rate" is the greater of these two indicators.

11 <sup>11</sup> Applicants are required to use the Promise Zones mapping tool to determine the overall poverty rate. The mapping  
12 tool determines the overall poverty rate in two ways and uses the higher percentage.

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1 and Human Services, the Department of Labor, and the Department of Transportation.

2 Additional Federal agencies and outside entities may contribute reviewers, depending upon the  
3 anticipated volume of applications.

4 Reviewers will first verify that the application is submitted by an applicant eligible for  
5 selection, by verifying that the proposed Promise Zone meets the qualifying criteria and that the  
6 Lead Applicant meets the eligibility criteria for the third round selection process. For urban  
7 applications, reviewers will confirm the subcategory in which each application should be  
8 considered (large Metropolitan Core Based Statistical Area (Metro CBSA) or small/medium  
9 Metro CBSA).<sup>12</sup>

10 Rural applications will be ranked against other rural applications, tribal applications will  
11 be ranked against other tribal applications, and urban applications will be ranked against other  
12 urban applications. An application must score a total of 75 points or more out of 100 points, to be  
13 considered for a designation (scoring 75 points or more means that applications fall within the  
14 “competitive range”). Once scored, applications will be ranked competitively within each of the  
15 three Promise Zones categories and within the urban subcategories, as applicable.

16 HUD intends to designate at least one applicant from the small/medium Metro CBSA  
17 sub-category if the highest scoring small/medium Metro CBSA application is comparable in  
18 quality to other urban designees (within 10 points of the lowest scoring designee and not  
19 otherwise disqualified in accordance with all other requirements contained within this

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3 <sup>12</sup> Urban application subcategories are defined as: **Large Metro CBSA:** The proposed Promise Zone community is  
4 located in a Metropolitan Core Based Statistical Area (Metro CBSA) with a total population of 500,000 or more.  
5 **Small/medium Metro CBSA:** The proposed Promise Zone community is located within the geographic boundaries  
6 of a Metro CBSA with a population of 499,999 or less. Additional information regarding Metropolitan Core Based  
7 Statistical Areas and Principal City can be found at  
8 <http://www.whitehouse.gov/sites/default/files/omb/bulletins/2013/b13-01.pdf>.  
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application guide). If the number of eligible applications determined to be eligible for the small/medium Metro CBSA subcategory is fewer than the greater of 1) five total applications, or 2) ten percent of the total number of urban applications received, then the applications in the small/medium Metro CBSA subcategory will be included in the large Metro CBSA subcategory and ranked against those applications.

**Application Submission**

Applications must provide a clear description of how the Promise Zone designation would accelerate and strengthen the community’s efforts at comprehensive community revitalization. No substantive or technical corrections will be accepted or reviewed after the application deadline. The *Application Guide* can be found at [www.hud.gov/promisezones](http://www.hud.gov/promisezones). Applications are due via the Promise Zone online application portal on MAX Survey by 5:00 p.m. EST on December XX, 2015. Directions on how to access and use the application portal are available at [www.hud.gov/promisezones](http://www.hud.gov/promisezones).

If the Lead Applicant requests to use alternative data sources to meet the eligibility criteria or for the Need application section, a one-page explanation noting the alternative data source must be submitted to [pzapplications@hud.gov](mailto:pzapplications@hud.gov) with the subject line “Alternative data source request” by XXX XX, 201X to be approved by the relevant designating agency (HUD or USDA).

**Date:** \_\_\_\_\_

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Nani A. Coloretti  
Deputy Secretary