



Capturing Successes in Renewal Communities and Empowerment Zones



*Spotlight
on Results*



Spotlight on Results

About This Publication

The Bush \$11 billion Tax Incentives package available to Renewal Community and Empowerment Zone businesses and \$15 billion New Markets Tax Incentive Program are proving to be a viable option in fostering the entrepreneurial spirit in our Nation's urban and rural areas. *Spotlight on Results: Capturing Successes in Renewal Communities and Empowerment Zones* highlights the successes of the tax incentives and celebrates successful programs and projects taking place in RCs and EZs that exemplify the principles of the Community Renewal Initiative.

Spotlight on Results: Capturing Successes in Renewal Communities and Empowerment Zones provides sterling examples of the Administration's new approach in assisting RC/EZ designated areas. President Bush believes that these low-income areas are best served by allowing the genius and can-do attitudes of America's entrepreneurs to take root in designated areas.

Fostering an environment that is both friendly to business interests and one that strongly supports capital investment requires a departure from the traditional way of meeting the challenges of RC/EZ communities. The initial concept was a grant approach for Round I EZs and ECs coupled with a minor emphasis on the promotion of tax incentives. This concept evolved over time into an approach that strongly emphasized the importance of tax relief for RC/EZ businesses. The Administration has made the \$11 billion tax incentive package and the \$15 billion in New Markets Tax Credit Program the centerpiece of its strategy for creating economic opportunities in low-income areas. This strategy focuses on the creation of prosperity through jobs and

business expansion and on building strong and viable private and public partnerships as the most effective way to meet the challenges of these areas.

Spotlight on Results highlights many of the successes resulting from the Administration's efforts for achieving economic prosperity in RC and EZ designated areas. Section I of this publication provides anecdotal evidence that tax incentives are clearly working, particularly for RCs and Round III EZs. These designees have built strong partnerships, shown an unwavering commitment to the successful marketing of tax incentives, and have acted to remove many of barriers that tend to handicap the full utilization of the tax incentives.

The publication also provides a balanced portrait of the successes that Rounds I and II Zones have experienced in using local and federal funds to promote job training, and technical and financial assistance. Their stories are grouped together under such themes as "Businesses Advancing with Technical and Financial Assistance" and "Residents Advancing with Job Creation and Training Assistance." These sections illustrate how EZs have used available local and federal resources. Furthermore, there are several notable illustrations depicting how RCs have worked with local partners to help businesses open and expand and to assist residents find employment and learn new job skills.

Spotlight on Results also contains additional stories about community services available to RC and EZ residents through: Innovative leveraging of private and public resources for activities focusing on assistance to RC/EZ residents to obtain low-income housing; After-School programs; increased access to healthcare and childcare; and a variety of

other services. Stories on these successes appear in the sections under *“Families Improving with Community Services and Development,”* and *“Families Advancing with Housing and Homeownership Assistance.”*

We hope you enjoy this first volume of *Spotlight on Results: Capturing Successes in Renewal Communities and Empowerment Zones*. We also hope that the successes outlined in this volume encourage you, as a community leader or business owner in or near a RC or EZ, to take advantage of the valuable RC/EZ incentives in your community.

To obtain additional complimentary copies of this guide or other Community Renewal publications, including the *Tax Incentive Guide for Businesses in the RCs, EZs, and ECs* and *Tax Incentives + Businesses=Jobs: A Marketing Primer on How to Entice Businesses to Renewal Communities, Empowerment Zones,*

and Enterprise Communities, please call HUD’s Community Connections Information Center at **(800) 998-9999**.

To determine whether a business is located in an RC or EZ, and whether the employees live in these areas (allowing the business to be eligible for a share of \$11 billion in RC/EZ tax incentives), please visit HUD’s **RC/EZ Address** Locator on the Internet at **www.HUD.gov/crlocator**.

For more information on HUD’s RCs and EZs, on the incentives available to businesses in these communities, and for maps of the designated areas, please visit HUD’s Office of Community Renewal Web site at **www.hud.gov/cr** or call HUD’s Community Renewal Office at **(202) 708-6339**. For more information on USDA’s rural EZ initiative, please visit USDA’s Web site at **www.ezec.gov**.



President George W. Bush

“The role of government is to create an environment that encourages capital flows and job creation through wise fiscal policy. And as a result of the tax relief we passed, the economy is growing.”

**Remarks from the President’s
discussion on the budget and tax
relief at White House Conference
December 2004**

“The spirit of the small business owner is strong in America. Remember when you cut income tax rates on individuals, you’re really affecting most small businesses in America, because most small businesses are sole proprietorships or subchapter S corporations, which means they pay tax at the individual income tax rate.”

**Remarks by the President at
Marshall Community and Technical College
Huntington, West Virginia
April 2004**

“We lowered marginal tax rates and reduced multiple taxation on investment. As a result, 25 million small business owners saved an average of \$3,000 and 26 million investors saved nearly \$800 apiece. The cumulative benefit is clear, both in terms of family budgets and business investment. Real after-tax income is up nearly 10 percent since the end of the most recent recession, a far greater increase than we saw following the last recession.”

**Remarks by the Vice President at the
White House Conference on the Economy
December 15, 2004**



Vice President Dick Cheney



Alphonso Jackson, Secretary, U.S. Department of Housing and Urban Development

“This publication illuminates the successes of urban and rural communities thriving in an atmosphere where the federal government has lent its support to businesses and local leaders in creating an environment conducive to economic and housing opportunities. The accomplishments of the Renewal Communities and Empowerment Zones represent a message of hope and provide a powerful stimulus for continuing the aggressive promotion of the President’s \$11 billion package of RC/EZ tax incentives.”

“Recognizing the inextricable link between sound fiscal policy and creating an environment that inspires and nourishes America’s entrepreneurial innovative spirit, I have seen and heard over the past four years first hand from those communities that HUD has had the privilege to serve.

The successes of the Renewal Communities and Empowerment Zones in marketing the tax incentives to their business community and in improving the lives of their RC/EZ residents are well reflected in this publication and demonstrate what is possible in our nation through sound tax policies, and committed public and private collaborations.”



Roy A. Bernardi, Deputy Secretary, U.S. Department of Housing and Urban Development



Pamela H. Patenaude, Assistant Secretary, Office of Community Planning and Development

“I am pleased to present *Spotlight on Results* as one of my first actions as Assistant Secretary for Community Planning and Development. This publication’s vignettes portray the unwavering commitment and support of Federal, State, and local governments, and the citizens, business communities, and nonprofit organizations striving to create and expand housing and economic opportunities in many of our Nation’s most challenged communities through the Empowerment Zone and Renewal Community Initiatives.”

“*Spotlight on Results* is a testimonial to the successes occurring in our nation’s urban and rural communities through wise tax policies, thoughtful leveraging of public and private resources, and strong support of community and neighborhood partnerships. The Empowerment Zones and Renewal Communities exemplify what happens when leveraging becomes a major element in a community’s long-term monetary policy. In the case of the Empowerment Zones, an estimated \$245 million in HUD funds has resulted in the leveraging of \$1.19 billion in cash and in-kind resources.”



Nelson R. Bregón, General Deputy Assistant Secretary, Office of Community Planning and Development

Dear Friends:

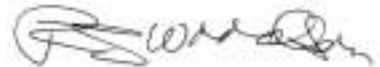
The Secretary of the Department of Housing and Urban Development established the Advisory Council on Community Renewal to report on the effectiveness of the Renewal Community (RC) and the Empowerment Zone (EZ) initiatives. Central to both the RC and EZ initiatives is the marketing of the \$11 billion tax incentive package to an estimated 300,000 RC/EZ businesses. The promotion of this tax incentive package to these businesses can be daunting, yet the RC/EZ designated areas are meeting this challenge with amazing results.

Through our Advisory Council hearings, we were privileged to hear firsthand from RC/EZ administrators and their business communities about the positive impact that the tax incentives have had on both budding and established businesses in the RC/EZ designated areas. Their stories are part of this publication under a special section titled "Businesses Succeeding With RC and EZ Tax Incentives."

Over the past year, the Council learned of the deep commitment and tireless effort by local officials and administrators to create a climate of hope through economic development, affordable housing, and community services in RCs and EZs. Clearly, the proof of that commitment is demonstrated in each of the stories presented in this publication. The Council is honored to present this publication, as one measure of the notable successes that the 70 RC and EZ designated areas are experiencing in carrying out their programs. We are confident that these 70 areas will continue to pursue their path of accomplishment for those most in need of our Nation's attention.

In closing, I want to take this opportunity to personally thank Council members Maurice Barksdale; Karen Juarez Boyd; Irwin Davis; Jon Fox; Lillian Kawasaki, and John Rood for giving so freely of their time and skills in serving on the Advisory Council.

Sincerely,



Robert L. Woodson, Sr.

Advisory Council Chair

Table of Contents

Introduction	xv
1. Businesses Succeeding With RC and EZ Tax Incentives	1
1.1. Wage Credits	5
Baltimore, Maryland	5
Buffalo-Lackawanna, New York	5
Burlington, Vermont	6
Central Louisiana	7
Cumberland County, New Jersey	7
Eastern Kentucky	8
El Paso, Texas	9
Gary/Hammond/East Chicago, Indiana and Columbus, Ohio	10
Hamilton, Ohio	11
Huntington, West Virginia/Ironton, Ohio	11
Jacksonville, Florida	13
Lawrence, Massachusetts	14
Memphis, Tennessee	14
New Haven, Connecticut	16
Northern Louisiana	16
Orange Cove, California	17
Pulaski County, Arkansas	18
San Antonio, Texas	18
San Francisco, California	19
Santa Ana, California	20
Southern Alabama	21
Tacoma, Washington	23
Tucson, Arizona	24
Yonkers, New York	24
1.2. Deductions	26
Burlington, Vermont	26
Charleston, South Carolina	28
Corpus Christi, Texas	28
Eastern Kentucky	29

TABLE OF CONTENTS

El Paso County, Texas	30
Greene-Sumter County, Alabama	31
Jamestown, New York	31
Los Angeles, California	32
Lowell, Massachusetts	33
Memphis, Tennessee	33
Milwaukee, Wisconsin	34
Mobile, Alabama	35
New Orleans, Louisiana	36
Niagara Falls, New York.....	36
Ouachita Parish, Louisiana	37
Parlier, California	38
Philadelphia, Pennsylvania	38
Rochester, New York.....	39
San Diego, California.....	40
San Francisco, California.....	40
Tacoma, Washington.....	41
Turtle Mountain Band of Chippewa.....	42
West-Central Mississippi	43
Youngstown, Ohio	43
1.3. Bond Financing.....	45
Boston, Massachusetts.....	45
Chicago, Illinois.....	46
Cumberland County, New Jersey.....	47
District of Columbia	48
Huntington, West Virginia/Ironton, Ohio.....	49
Los Angeles, California	50
Miami-Dade, Florida.....	51
Philadelphia, Pennsylvania/Camden, New Jersey	52
Santa Ana, California	53
St. Louis, Missouri/East St. Louis, Illinois	54
San Antonio, Texas.....	55
1.4. Capital Gains	56

2. Businesses Advancing With Financial and Technical Assistance.....61

- Baltimore, Maryland64
- Philadelphia, Pennsylvania/Camden, New Jersey66
- Camden, New Jersey67
- Cleveland, Ohio68
- Columbus, Ohio68
- El Paso, Texas69
- Fresno, California.....70
- Gary/East Chicago/Hammond, Indiana71
- Huntington, West Virginia/Ironton, Ohio71
- Knoxville, Tennessee73
- Miami-Dade, Florida74
- Minneapolis, Minnesota75
- New York, New York76
- Norfolk-Portsmouth, Virginia79
- St. Louis, Missouri/East St. Louis, Illinois81
- Yakima, Washington81

3. Residents Advancing With Job Creation, Training, and Assistance.....87

- Atlanta, Georgia90
- Cincinnati, Ohio91
- Cleveland, Ohio91
- Columbia/Sumter, South Carolina92
- Detroit, Michigan93
- El Paso, Texas95
- Flint, Michigan96
- Gary/East Chicago/Hammond, Indiana98
- Huntington, West Virginia/Ironton, Ohio100
- Miami-Dade, Florida100
- New Haven, Connecticut102
- Oklahoma City, Oklahoma103
- Santa Ana, California104
- Syracuse, New York105

4. Families Improving With Community Services109

- Buffalo-Lackawanna, New York112
- Camden, New Jersey112

TABLE OF CONTENTS

Chattanooga, Tennessee	113
Chicago, Illinois.....	115
Columbus, Ohio.....	115
Detroit, Michigan	116
Lowell, Massachusetts	118
Minneapolis, Minnesota	119
Newark, New Jersey	121
New Haven, Connecticut	122
New York, New York	123
Oklahoma City, Oklahoma	124
Philadelphia, Pennsylvania/Camden, New Jersey	126
Southern Alabama.....	127
Turtle Mountain Band of Chippewa.....	127
Yonkers, New York.....	128
5. Families Advancing With Housing and Homeownership Assistance	133
Detroit, Michigan	136
El Paso, Texas	137
Gary/Hammond/East Chicago, Indiana	139
Huntington, West Virginia/Ironton, Ohio.....	139
Miami-Dade, Florida.....	140
Minneapolis, Minnesota	140
New Haven, Connecticut	141
6. A Glimpse of the Round I Empowerment Zones and Enterprise Community Successes—10 Years After	145
Baltimore, Maryland.....	149
Camden, New Jersey	152
Chicago, Illinois.....	154
Detroit, Michigan	156
New York, New York	158
Philadelphia, Pennsylvania	161
Manchester, New Hampshire	163
Phoenix, Arizona	165
Waco, Texas	167
Appendix: Current Renewal Communities and Empowerment Zones as Designated by HUD	175

Introduction

The Community Renewal initiative has been an interagency effort focused on creating self-sustaining development in distressed urban and rural Renewal Communities (RCs) and Empowerment Zones (EZs) throughout the country. The initiative supports a holistic approach to development that requires community stakeholders to work together to create and implement comprehensive courses of action and strategic plans for revitalization.

Using a combination of \$11 billion in Federal tax incentives, flexible grant funds, and other resources, the RC and EZ leaders and local partners are reinvigorating businesses and entire communities that were previously in decline. Business owners are now eligible for billions of dollars in tax incentives by operating or expanding in the RCs and EZs and by employing residents of these areas. As a result of these incentives and other resources of the Community Renewal initiative, new businesses in the RCs and EZs are opening and expanding, more residents are becoming employed, and new community services are becoming available.

More than 3,575 neighborhood-based projects and programs have been developed and are underway as a result of each EZ strategic plan. Federal seed money and tax incentives of \$1.3 billion have leveraged almost \$18 billion in additional public—and private—sector investments. According to a 2004 publication, *Success Stories Round II Urban Empowerment Zones*, the 15 Round II EZs reported that they leveraged more than \$3.5 billion in public and private funding, or \$11.55 for every \$1 of EZ grant funds. They also created or retained 18,125 jobs. According to the Performance Measurement System (PERMS), in 2003 Round II EZs received \$3.14 in leveraged funds for every \$1 of EZ grant funds put into job creation projects.

In 2001, 28 urban communities and 12 rural communities received RC designations from the U.S. Department of Housing and Urban Development (HUD). In addition, 30 urban communities have HUD EZ designations. In Round I four urban communities were designated as Enhanced Enterprise Communities, and, as such, were eligible for tax-exempt bond financing. Part of Washington, D.C., has HUD's only *Enterprise Zone* designation. Ten rural areas throughout the country have EZ designations from the U.S. Department of Agriculture (USDA).

Round I and Round II Urban Empowerment Zones

In 1994 HUD designated six urban EZs during the Round I competition. HUD also designated parts of Cleveland and Los Angeles as supplemental EZs and these areas received full EZ status in January 2000. In 1999 HUD made 15 additional urban EZ designations in Round II. The D.C. Enterprise Zone designation period began in January 1998.

Round III Empowerment Zones and Renewal Communities

In December 2000 Congress authorized nine new EZs in a third round of designation, with seven of the EZs planned for urban areas and two for rural areas. Congress also authorized the designation of 40 RCs. The goal of the new RC program, like that of the EZ initiative, has been to promote economic development in communities distressed by high levels of poverty and unemployment. Businesses in the RCs and new EZs became eligible for billions of dollars in Federal tax incentives to hire local residents and expand operations.

On December 31, 2001, HUD designated 28 RCs in urban areas and 12 more in rural areas. The law required an EZ or one of the former Enterprise Communities (EC) to forfeit its designation if any of its geographic area was included in one of the RCs. Due to this law, the Atlanta EZ, 16 urban ECs, and 3 rural ECs lost their designations. The loss of the Atlanta EZ designation enabled HUD to designate eight new EZs instead of seven in Round III. USDA designated to rural Round II EZs in Maine and Texas. The 8-year designation period for the new RCs and EZs began on January 1, 2002.

A Treasury and HUD Partnership To Promote New Markets Tax Incentives

Throughout this publication are examples of the effectiveness of Federal, State and local partnerships in assisting low-income communities increase economic opportunities through business development and expansion. One such partnership currently exists between Treasury and HUD as they couple their efforts to aggressively promote and promulgate the following New Markets Tax Credit (NMTC) information to their respective constituents.

The NMTC Program objective is to stimulate economic and community development and job creation in low-income communities. This program provides an innovative path for attracting needed capital from the private sector and for reducing the federal burden of providing direct grants to low-income communities.

Under the NMTC Program, taxpayer investors receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in

turn be used by the CDE to provide investments in low-income communities, including RCs and EZs. The credit provided to the investor totals 39% of the cost of the investment and is claimed over a seven-year credit allowance period. Throughout the life of the NMTC Program, Treasury is authorized to allocate to CDEs the authority to issue to their investors up to the aggregate amount of \$15 billion in equity as to which NMTCs can be claimed.

The benefits of the NMTC Program flow to both the investor and the business borrower. The **investor** invests capital funds in the low-income area, and by so doing receives a tax credit. The formula for determining credit over the seven year period is as follows: during the first three years of the investment, five percent of the total amount paid for the stock or capital interest at the time of purchase, and the tax credit during the final four years is increased to six percent annually.

To claim the credit for a year, the investor must hold the qualified equity investment on the credit allowance date for that year. The credit allowance date is the date you make the initial investment and applies to each of the next six anniversary dates.

Businesses also benefit from the NMTC program, as private sector resources are made available to them to better meet their short and long term financial needs through increased loans and financial technical assistance.

In three rounds of NMTC allocations made since 2002, the Treasury has made 170 awards of NMTC allocations totaling \$8 billion in tax credit authority, leaving \$7 billion still to be allocated. For more information about the next allocation cycle, including the application process, visit the Treasury website at www.CDFIfund.gov.

Acknowledgments

A special thanks to the Renewal Communities, Empowerment Zones, and Enterprise Communities for their contributions in the development of this *Spotlight on Results* publication and to the following:

Donald P. Mains, Deputy Assistant Secretary for Economic Development

Pamela Glekas Spring, Director, Office of Community Renewal (OCR)

John Haines, Deputy Director, OCR

Phil Graham, Community Development Specialist, OCR



Spotlight on Results

SECTION I



Businesses Succeeding With EZ and RC Tax Incentives



1.1. Wage Credits

1.2. Deductions

1.3. Bond Financing

1.4. Capital Gains

A total of \$11 billion in special tax incentives is available to businesses that operate in Renewal Communities and Empowerment Zones and that employ residents of these areas. The most popular of these tax incentives is the RC/EZ wage credit. Businesses that hire and retain RC/EZ residents can apply tax credits against their Federal tax liability. If a business owes \$50,000 in Federal taxes and has \$20,000 in RC/EZ wage credits, it would owe only \$30,000 in taxes. These credits are worth up to \$3,000 per employee per year to businesses in EZs and \$1,500 per employee per year to businesses in RCs.

HUD's Office of Community Renewal is working with the Internal Revenue Service (IRS) to determine the current total value of wage credits that RC and EZ businesses claim annually. According to a 2004 General Accounting Office report, the IRS estimates that 24,000 tax returns filed in EZs from 1995–2001 saved businesses more than \$250 million. In 1995, according to an IRS study of businesses nationwide, only 432 businesses claimed EZ wage credits. In 2001 this figure escalated to more than 7,000 businesses.

HUD found that EZ wage credits influence employment decisions that business owners make in the EZs. According to a 2000 survey of Round I EZ business owners that claimed EZ wage credits, 45 percent of the owners stated that their savings from the EZ wage credits were "very important" or "somewhat important" to their decisions to hire and retain employees. HUD found that businesses that used the EZ wage credits in 1996 and 1999 experienced, on average, greater increases in the number of EZ residents employed than firms located in the EZs that did not claim EZ wage credits. HUD is working with the IRS and other agencies to collect

similar national data on the use of wage credits in the RCs, whose designations began in 2002.

The Work Opportunity Tax Credit (WOTC) is another valuable employment credit for business owners in RCs and EZs. Employers receive a one-time WOTC of up to \$2,400 per employee by hiring 18- to 24-year-old employees who live in the RCs or EZs. The 2000 survey of businesses in the Round I EZs showed that WOTCs also influence employment decisions that EZ business owners have made. Fifty-eight percent of business owners that claimed the WOTC stated that their savings from the credits were "very important" or "somewhat important" to their decisions to hire and retain employees. It appears that without these credits, business owners throughout the RCs and EZs would not have hired as many local residents.

According to data reported by the U.S. Department of Labor (DOL), WOTC utilization jumped 20 percent with the designations of the RCs and Round III EZs, from 47,700 (12.1 percent) of the overall WOTC totals in 2001 to 56,800 (14.2 percent) in 2003. DOL data showed a 24-percent increase in WOTC claims in RCs and EZs after HUD designated the RCs and Round III EZs in December 2001 from 42,947 claims for tax year 2001 to 53,058 claims for tax year 2002.

If you would like additional information on any of the success stories on wage credits in this section, please consider calling the RC or EZ directly using the contact information that appears at the end of every story. In addition, to determine whether a business is located in one of the RC/EZs and may be eligible for wage credits, please visit **HUD's RC/EZ Address Locator** at **www.hud.gov/crlocator**.

Wage Credits

EZ Manufacturer Uses Its Tax Credits To Help Employees Buy Homes

Baltimore, Maryland, EZ

“We get the tax credit because of our employees, so why shouldn’t they share in the benefit?” This is how Stuart Walman, manager of *Medo Manufacturing* in the Baltimore EZ, explains the reasoning behind his company’s homeownership grant program.

With more than 400 employees, Medo Manufacturing, a maker of air fresheners and related products, is one of the largest businesses in Baltimore’s EZ. Medo has a strong commitment to hire local residents. As an EZ business that hires zone residents, Medo is entitled to a Federal wage tax credit of up to \$3,000 per EZ employee. This commitment has translated into more than \$1 million in wage tax credits for the business since 1994 when the Baltimore EZ was designated.

“We have dedicated employees who work hard every day to make our company a success,” explained Walman. “We want to give something back to our employees and they deserve it.”

What Medo decided to do for its employees was to use savings from EZ wage tax credits to fund a homeownership grant program. Medo awards \$2,000 to employees who purchase homes in the EZ.

Medo employees Jan Hoover and Bruce Griffiths were the first to take advantage of the company’s new program. Hoover, Griffiths, and future Medo employees who

purchase homes in the EZ will receive \$1,000 after settlement and another \$1,000 one year later.

“Medo is the first company to let us know about a project developed with funds saved by taking advantage of the Empowerment Zone wage tax credit,” said Empower Baltimore Management Corporation (EBMC) former President and CEO Diane Bell. “We are excited to partner with a company that has developed a creative way to give a perk to their employees that also is a benefit to the community,” she added. EBMC administers the Baltimore EZ program.

Employees can use Medo’s \$2,000 grant in conjunction with a separate grant of up to \$5,000 from EBMC’s Housing Venture Fund to cover settlement costs. EBMC has designated \$4.7 million of EZ funds to the fund, which provides grants (949 awards as of February 2004) to help low- and moderate-income individuals and families purchase homes in the EZ.

For more information on the programs of the Baltimore EZ, please contact Tanya Terrell, at **(410) 783-4400**.

Blue Info Cards Help Jobseeking RC Residents Market Tax Credits—and Themselves

Buffalo-Lackawanna, New York, RC

“The address of the Renewal Community resident has value,” pointed out Caroline Bright, associate employer services representative of the New York State Department of Labor and a key partner in the Buffalo-Lackawanna RC. “That address could be worth a \$1,500 Federal tax credit to the employer who finds

that the employee lives and works in the Renewal Community.”

But how to be sure that both RC residents and potential employers are aware of this benefit? For Bright and her staff at the Buffalo office, the answer was a bright blue, laminated “Resident Awareness” card.

The card, provided to all jobseekers who are residents of the RC or the New York Empire Zone who visit one of the Department of Labor sites in Buffalo, states the following:

ATTENTION EMPLOYER: by hiring the bearer of this informational card, your company may be entitled to several tax credits, including:

- Welfare to Work tax credit.
- Work Opportunity tax credit.
- Empire Zone Credit (New York State tax program requiring local certification).
- Renewal Community employment credit.

The card lists phone numbers for followup information and serves two purposes. It informs residents that among their other qualifications for employment, they bring with them a potential tax credit to the employer, and it also identifies for potential employers the specific programs from which they may benefit.

The RC plans to carry out a survey on card usage and response. In the meantime, the RC has helped build a bridge between local residents and employers. The blue laminated card serves as a reminder to all that RC residents have value.

For more information on the programs of the Buffalo-Lackawanna RC, please call Bonnie Kane Lockwood at **(716) 851-5468**.

RC Wage Credits Boost Bottom Line for Vermont Pub & Brewery

Burlington, Vermont, RC

Vermont Pub & Brewery, a Burlington, Vermont, restaurant that crafts its own varieties of ales and lagers, was able to claim \$22,380 in RC wage credits on its 2002 taxes.

“Renewal Community tax incentives are valuable economic development tools,” said Bruce Seifer, assistant director of economic development in Burlington’s Office of Community and Economic Development.

The experience of the 15-year-old local pub and brewery seems to bear out Seifer’s assertion. Of the enterprise’s 64 part-time and full-time employees in 2002, 18 lived in the RC. Because businesses located in the RC can receive up to \$1,500 in wage credits every year for each employee who resides in the RC, these workers created a substantial tax benefit for the Vermont Pub & Brewery.

Seifer emphasized the importance of getting the word out about the value of RC wage credits and other economic development incentives. “Through our city’s outreach efforts, businesses are regularly informed as to how these incentives can be used to their advantage,” he said. “Whether it is through the use of commercial revitalization deductions for a large development or redevelopment project or through keeping hard-earned dollars using wage credits, it is clear that the net result of these incentives is the strengthening of the economy of the whole community.”

For more information on the programs of the Burlington RC, please contact Bruce Seifer at **(802) 865-7144**.

RC Tax Credits Yield Employee Health Insurance

Central Louisiana, RC

Before HUD designated an RC in Central Louisiana in January 2002, *Catahoula Manufacturing* in Jonesville could not afford to provide health insurance for its employees. Then, in 2004, business owners Charles Champlin and his daughter Dareth Delhoste found that the benefits of RC wage tax credits for employees living and working in the RC made providing health insurance affordable.

“The family looks at this as an investment in its employees,” commented Heather Urena of the Kisatchie Delta Regional Planning District. RC tax incentives such as the \$1,500 per employee wage tax credit enable employers to offer benefits to employees.

“The RC program is helping to sustain local businesses and to encourage faster investments. The program is helping business owners to decide to act sooner rather than later,” Urena commented. The RC program’s goal, to attract sustained private investment and a diverse employment base in some of the most distressed pockets of poverty, has garnered attention from around the Nation, she said.

Champlin and Delhoste own two companies in the Central Louisiana RC: *Catahoula Manufacturing* and *The Fish Net Company*. *Catahoula Manufacturing* makes netting for fishing, batting cages, and other products, which is then sold at *The Fish Net Company*, the family’s nearby retail store. These two homegrown companies contribute to the local and State economies.

Another recent success in the Central Louisiana RC is the purchase by local entrepreneur Jessie Newcomer of a blighted brownfields site on Bolton Avenue in the city of Alexandria. Newcomer is using environmental cleanup credits and a possible RC commercial revitalization deduction (CRD) allocation to offset the costs of cleaning up this major eyesore. Newcomer’s business, *Visual Strings*, is planned as a high-technology manufacturing site for violin parts. The project is expected to help revitalize downtown Alexandria, according to the *Alexandria Daily Town Talk*.

For more information on the programs of the Central Louisiana RC, please call President and CEO Tana Trichel, Macon Ridge Economic Development Region, at **(318) 757-3033**.

Work Opportunity Tax Credit and Creative Transportation Solution Yield Summer Jobs for Jersey Youth

Cumberland County, New Jersey, EZ

The Cumberland Empowerment Zone Corporation (CEZC), the Cumberland County Office of Employment and Training (CCOET), and a convenience store company located in the EZ have worked together to create a successful program using the WOTC to provide summer jobs for youth living in the EZ.

The company has several convenience stores, which need to staff up for the summer months, near tourist areas along the Jersey Shore. The three partners identified transportation as a barrier to getting jobs for residents. After determining they could share transportation costs, CEZC, CCOET, and the convenience store company established a bus

system to transport youth from different areas to their jobs.

In the 4 years of operation from 1999 through 2003, approximately 180 EZ youth received training and worked for the convenience store company during summer months, exceeding the partners' expectations. CCOET screened potential employees and certified youth as being members of a group targeted by the WOTC. (CCOET is responsible for doing employee certifications for both WOTC and the Welfare to Work [WtW] credit.)

As CEZC Executive Director Sandra Forosisky explains, "Empowerment Zone communities are some of the most distressed areas in the Nation. Tax incentives for job creation are important tools in an overall holistic strategy for change. CEZC funding addresses underlying social, education, and community issues within the EZ community. Combining tax incentives with funding for transportation, job training, entrepreneurial training, and business financial assistance is the recipe for successful economic development and revitalization of these communities."

Since its inception in 1998, CEZC has forged partnerships with local organizations to increase their use of Federal EZ tax incentives, including WOTC. Under WOTC, employers can receive a tax credit worth up to \$2,400 per employee by hiring EZ residents between the ages of 18 and 24.

For more information on the Cumberland County EZ, contact Executive Director Sandra Forosisky at **(856) 459-1700**.

Rural Kentucky Employer Takes Full Advantage of RC Wage Credits

Eastern Kentucky, RC

An agreement between the *Corrections Corporation of America (CCA)* and the State of Vermont and the ability to capitalize on the RC wage credit worked together to create 47 new jobs in the Eastern Kentucky RC (EKRC).

CCA, the Nation's largest owner and operator of privatized correctional and detention facilities and one of the largest prison operators in the United States, announced an agreement in January 2004 to manage up to 700 Vermont inmates. CCA elected to house 215 of those 700 inmates at the Lee Adjustment Center in the RC, creating an additional 47 jobs. "CCA is one of the larger employers within the EKRC and we are excited about the new jobs," said Susan Wilder, EKRC State director.

CCA operates 64 facilities (including 4 in RCs) with a total capacity of approximately 65,000 beds in 20 States and the District of Columbia. Employers in RCs that employ RC residents can receive a yearly wage tax credit worth up to \$1,500 per employee. CCA claimed approximately \$436,000 in RC Wage Credits in both 2002 and 2003, according to Steve Brown, CCA director of financial reporting. According to the CCA Web site, through CCA's ownership of correctional facilities, the company also provides valuable economic benefits to local communities through property, sales, and other taxes, as well as providing a stable employment base. CCA is a strong contributor in the communities in which their facilities are located with a dedication to charitable giving and volunteerism.

For more information on the EKRC, contact EKRC State and OCAT Director Susan Wilder at **(606) 593-7296**.

Helping Kentucky Residents Help Themselves Through Tax Incentives

Eastern Kentucky, RC

The Eastern Kentucky RC (EKRC), which includes four southeastern Kentucky counties in the heart of Appalachia, made a commitment at the start of its designation to help residents become self-sufficient, employed people who take pride in themselves. Since it received its designation in January 2002, EKRC has been excited about helping local businesses take advantage of RC tax credits and deductions and about focusing efforts on empowering local residents.

EKRC formed a partnership with the Kentucky Department for Community-Based Services (DCBS) in early 2002 to inform residents about the RC employment credit, the WOTC, and the WtW credit. EKRC created a brochure titled *How Residents Can Use the Renewal Community Tax Credits to Get a Job in the Eastern Kentucky Renewal Community*, and DCBS distributes this brochure to local residents who are looking for jobs. DCBS refers those clients to the Owsley County Action Team (OCAT), which works with the local residents to explain how the employment credit can benefit local employers and also helps the residents determine whether they are eligible for the WOTC and WtW programs.

When residents are determined to be qualified for either of these programs, OCAT staff members first give them the forms that employers will need to use the tax credits, then teach them to complete the forms

correctly. OCAT advises its clients to attach copies of these forms to all job applications.

EKRC staff members also provide assistance to RC residents, advising them to tell prospective employers within the four-county area about their RC residency and to remind these employers about the valuable tax benefits available for hiring RC residents. EKRC also gives copies of its marketing brochure to individuals who travel outside the RC to look for work, reminding them that employers located outside the RC can also claim the WOTC and WtW tax credits if employees meet certain eligibility criteria.

This marketing method has proven successful as EKRC has found that the more residents know about the incentives, the more their chances of finding employment improve. EKRC's marketing efforts can be reduced because residents apply their energies to promoting themselves. "This project helps residents feel confident about their chances to secure a job while at the same time helping us to market the tax incentives," said Susan Wilder, State director of the EKRC.

For more information on these successful tax incentive efforts in the EKRC, contact EKRC State and OCAT Director Susan Wilder at **(606) 593-7296**.

Southwest Pizza Company Maximizes Benefit of EZ Wage Credits

El Paso, Texas, EZ

Of the many benefits and services available to businesses that hire EZ residents, wage credits are possibly the most rewarding for one simple reason: they tie directly to job creation and retention. In the El Paso EZ,

one business taking full advantage of the wage credit and other EZ tax incentives is *Pizza Properties, Ltd.*

Pizza Properties owns and manages a number of Burger King and Peter Piper Pizza franchises in Texas and New Mexico. With 2,100 people in its employ in both full- and part-time positions, Pizza Properties takes a proactive approach to maximizing its net income. It relies on qualified tax advisors such as Net Profit, Inc., to research and file the appropriate paperwork on its behalf to help the company take advantage of wage credits whenever applicable.

According to Controller Jeanene Payen, a certified public accountant, Pizza Properties has a history of taking advantage of wage credits (which reduce income tax on a dollar-for-dollar basis) whenever they are available. Of the company's current employees, 253 either qualify at the present time or have qualified in the past for the EZ wage credit, the Work Opportunity Tax Credit, or the WtW credit.

A business that is part of an industry with a high employee turnover rate, such as Pizza Properties, can find it an administrative burden to continually track employees to identify credit opportunities. This is why Pizza Properties enjoys working with entities such as Net Profit. "They make it so easy. They are responsible for verifying the qualifications of the individual employee and compiling the tax forms," said Payen.

Because Pizza Properties is noted for taking advantage of the EZ tax incentives, Payen was able to suggest that the El Paso EZ could help other businesses do the same by targeting information to potential employees. "I really think there is a lack of knowledge out there," Payen explains, adding that marketing the tax credits directly to residents could allow them to market themselves more effectively. The possibility of being able to use a

tax credit could influence a company's hiring decision if all other applicant characteristics were equal.

For more information on the El Paso EZ, contact Executive Director Phyllis Rawley at **(915) 351-1680**.

Northwest Indiana Businesses Profit From EZ Locations

Gary/Hammond/East Chicago, Indiana, EZ and Columbus, Ohio, EZ

Les Kaplan, controller of *Interstate Blood Bank, Inc.*, understands the value of locating in a Federal EZ. A sister company, Bio-Blood Components, Inc., is located in the Gary/Hammond/East Chicago EZ and another facility is in the Columbus, Ohio, EZ. Both companies in the EZs are realizing tremendous tax savings because of their locations. The companies, which provide human blood and/or blood components to the therapeutic and diagnostic industries, have realized more than \$37,000 in income tax savings from the EZ-related employment credits. Kaplan is very pleased with the service provided by the Gary/Hammond/East Chicago EZ staff and says he will continue to take advantage of the tax incentives and will spread word of the EZ advantages to business partners and associates.

The International Steel Group, Inc. (ISG), a new but highly profitable competitor in the global steel industry, operates an H-4 blast furnace, a basic oxygen furnace, and a continuous casting machine at a facility called ISG Indiana Harbor, Inc. The company has greatly benefited from its decision to locate in the Indiana EZ. It not only took home huge profits, it also boasted tax savings of

more than \$126,000 from EZ employment credits.

Union Tank Car Company (UTLX), also located in East Chicago, Indiana, has claimed EZ employment credits for the past 2 years. The resulting tax savings are impressive. In 2002 UTLX saved \$40,542 and in 2003 it saved \$64,155. UTLX employs a total of 23 EZ residents, 8 from East Chicago and 15 from Gary, Indiana. Don Kepplinger of UTLX is pleased enough to say, "I have recommended to all my business associates to take full advantage of the EZ tax credits."

For more information on the programs of the Gary/Hammond/East Chicago, Indiana EZ, please contact EZ Executive Director Venus Cobb at **(219) 886-9047**.

City of Hamilton Hosts Valuable Tax Seminar

Hamilton, Ohio, RC

In Hamilton and other RC cities, regular marketing and education for businesses about RC tax incentives are critical to program success. In 2003 the city of Hamilton and the Greater Hamilton Chamber of Commerce hosted a morning seminar—Partnering for Community Renewal—for area business owners, developers, tax attorneys, and accountants to sharpen their understanding and interest in the Hamilton RC. A diverse group of local businesses that conduct business in the RC helped underwrite the seminar.

D.C. attorney Linda Schakel, a leading authority on RC tax incentives, presented a 3-hour workshop on tax benefits available to businesses doing business in the city's RC. Hamilton business owners also helped educate their peers about RC tax incentives. George Schmidt, owner of Hamilton's downtown McDonald's, emphasized that the city's RC designation has helped his bottom line. As an RC business, he receives up to \$1,500 in

Federal tax credits for each RC resident that he hires or retains.

The press also helped publicize Hamilton's RC program. The local newspaper, the *Journal-News*, ran a series of articles about the RC during the week of the workshop.

To encourage attendance, Chris Xeil Lyons, economic development specialist for Hamilton and the RC program manager, secured continuing education credit for attorneys through the Ohio Supreme Court and for certified public accountants through the Ohio Accountancy Board.

"We are currently working on a followup seminar," said Lyons. "Although the designation has been around for a couple of years, it is still new and still needs to be marketed to the business community on a continuing basis. We are also working with our legislators on Capitol Hill to make some of the tax incentives more user friendly. Our hope is that our marketing efforts, combined with our legislative efforts, will provide the awareness this program needs in order to make it as successful as it was intended to be."

For more information on the programs of the Hamilton RC, please contact RC Program Manager Chris Xeil Lyons at **(513) 785-7070**.

EZ Organizes Tax Incentive Seminar and Offers Credits to Accountants

Huntington, West Virginia/Ironton, Ohio, EZ

In 2003 the Huntington, West Virginia/Ironton, Ohio, EZ sponsored a tax credit seminar to educate local businesses about EZ tax advantages. Linda Schakel, an

attorney specializing in tax-exempt bond filing, gave a presentation on wage credits, expensing, and tax-exempt bonds to an audience of accountants, business owners and managers, lawyers, bankers, and economic development professionals.

To encourage accountants to participate, the West Virginia Board of Accountancy accredited the seminar, which means that each attorney and accountant who attended received 2 hours of continuing professional education credit.

“The seminar was a great success,” said Cathy Burns, executive director of the Huntington/Ironton EZ. “We received a lot of positive feedback, and we’re planning to make some improvements and do it again next year.” To boost attendance, the EZ will schedule future seminars during the summer months when workloads are lighter. There also will be two separate sessions—one for business people and one for accountants.

For more information on organizing a tax credit seminar and for more information on the programs of the Huntington/Ironton EZ, please contact Executive Director Cathy Burns at **(304) 399-5454**.

Promoting EZ Employment Credits on the Ohio/West Virginia Border

Huntington, West Virginia/Ironton, Ohio, EZ

To market the EZ and its tax incentives, the Huntington, West Virginia/Ironton, Ohio, EZ developed and distributed local press releases. Featuring interviews with Ironton and Huntington EZ business owners, the articles relate how businesses have received EZ employment wage credits of up to \$3,000 for each employee who lives in the EZ.

Drawing on the press releases, local newspapers have published articles educating the public and prospective EZ businesses about the Huntington/Ironton EZ and its advantages:

- An article in *The Ironton Tribune* featured Unger Shoes, a downtown business that has taken advantage of EZ tax credits. Quoting Joe Unger, whose father started Unger Shoes in 1947 at its current Ironton location, the Tribune noted, “The best thing about this tax credit—aside from the overall economic benefit of the Empowerment Zone itself—is giving existing businesses an opportunity to hire people from targeted areas and to receive help from the government on their Federal tax bill.”
- In an article on Huntington’s EZ, *The Herald-Dispatch* quoted Kirk Dodrill, owner of Dodrill Jewelers, “This wage credit helps small business owners like myself and is easy to use. I was glad to learn of this credit and it’s really benefited my business.” The article explains the advantages of EZ wage credit and how EZ businesses can qualify for other benefits, including the WOTC and the WtW Credit.

In addition to marketing the EZ through press releases, the Huntington/Ironton EZ has conducted tax credit seminars for EZ businesses, accountants, and attorneys, and has published and mailed several brochures describing the EZ tax incentives to EZ businesses, seminars, and trade shows. During tax season EZ officials have also placed advertisements describing the EZ employment wage credits in *The Herald-Dispatch* and *The Ironton Tribune*.

For more information on the Huntington/Ironton EZ programs, call Executive Director Cathy Burns at **(304) 399-5454**.

High-Powered Marketing and EZ Incentives Empower Jacksonville Businesses

Jacksonville, Florida, EZ

In January 2002, when HUD designated an EZ in Jacksonville, the city embraced the decision. Charged with implementing the EZ plan, the Jacksonville Economic Development Commission (JEDC) designed a marketing plan, prepared a special mailing targeting the EZ's 3,500 businesses, created a Web site for the EZ, and developed a series of tax incentive workshops.

JEDC's mailing to local EZ businesses included descriptions of all the EZ tax incentives, IRS forms, a map of the EZ, and a short survey postcard. Tax incentives in the EZ include EZ facility bonds, reduced capital gains, increased deductions of equipment purchases, and wage credits worth up to \$3,000 per year to local businesses for each EZ resident that they employ.

Since 2002 JEDC has sponsored five public workshops educating hundreds of business owners, city council members, city officials and staff, and area agencies and departments about EZ tax incentives. IRS representatives offered keynote presentations at the workshops and provide ongoing community education about EZ benefits.

JEDC also created four marketing pieces that it distributes to businesses, city and state departments, and strategic planning partners. The material includes:

- A brochure outlining the tax incentives offered to businesses in the EZ.
- A brochure detailing the theory and approach to developing an empowering community.
- A window decal for businesses using the incentives.
- A small mailer with a perforated, postage-paid return card requesting business feedback.

JEDC reports that at least 25 EZ businesses responded that they had not known about the EZ tax incentives until they received the mailing and will now take advantage of the tax incentives. One Jacksonville company, MLXL Sportswear and Specialties, decided to save some money by buying a large warehouse space in the EZ's Springfield area. For owner Pete Malloy, who employs 25 people, the move was more advantageous than he anticipated, because the warehouse is located in the EZ. "We didn't find out about the tax advantages until after we moved in," said Malloy. "We were pleasantly surprised." Now Malloy is committed to hiring EZ residents so he can capitalize on as many tax incentives as possible.

The JEDC also markets the EZ on a local cable television show, *Jacksonville on the Move*, which airs several times a month. Appearing on the show, JEDC staff discuss the EZ tax benefits and promote EZ programs. Documenting the effectiveness of TV marketing, JEDC experiences a dramatic increase in phone calls on the day following each show.

For more information on Jacksonville's EZ programs, contact JEDC Senior Project Manager for Business Development Karen Nasrallah at **(904) 630-2272**.

Semiconductor Company Reaps Benefits of RC Employment Credits and Assists Community

Lawrence, Massachusetts, RC

When faced with the loss of traditional industrial jobs, RC cities can attract new businesses to turn around their economies. In Lawrence, Massachusetts, *Microsemi Corporation*—a leading supplier of semiconductors to the aerospace, defense, and communication industries—operates a highly efficient production facility in the city’s RC. Microsemi’s expansion and ongoing job growth have helped boost the city’s economy.

Microsemi-Lawrence provides more than 300 jobs—29 held by RC residents. This allows the company to claim as much as \$43,500 in employment tax credits annually, according to Bryan Schmidt, company controller. When the company recently recruited for 40 new positions, 60 percent of the applicants lived in the RC, reports Microsemi Human Resource Manager Kristin Yencho, who works with the Massachusetts Department of Employment and Training on the company’s staffing efforts.

Recognizing Microsemi’s commitment to the community, Northern Essex Community College nominated the company for the Excellence in Literacy award for providing English as a Second Language training for its highly diverse workforce—most of whom come from the city’s diverse population. Known as the *Immigrant City*, Lawrence continues to be the first stop for people coming to America. Today most of the city’s immigrants come from the Caribbean, Latin America, and Southeast Asia.

Commenting about the increased interest that the RC designation brings to Lawrence,

Mayor Michael J. Sullivan says, “The Renewal Community designation gives businesses located in the city an economic environment in which to stay, to grow, and to prosper. It also sends a strong message to new businesses that are searching for a place to set up shop that Lawrence has all the right elements: great transportation systems, a tremendous labor pool, and low-cost commercial space. When combined with RC tax incentives, these factors can greatly reduce the cost of doing business.”

For more information on the programs of the Lawrence RC, contact Economic Development Coordinator Fred Carberry at **(978) 794-5891**.

New Memphis Web Site Captures RC Accomplishments

Memphis, Tennessee, RC

In 2003 Memphis unveiled a new interactive RC Web site—the first in the country. The Web site allows RC businesses to enter and update their tax incentive information. The site has another advantage—Memphis RC officials can now track employment and other key data that document RC accomplishments and publicize them to the public, businesses, local and Federal agencies, and Congress. The local press also highlighted the Web site’s debut and significance.

The Web site, which was launched August 22, enables a business to update its information about the number of renewal community residents employed, their wages, the amount of employment tax credit, the amount of the accelerated depreciation deduction, and the company’s e-mail address. This information is useful because it shows progress over time, and it would

otherwise be impossible to obtain on a local basis, said Yvonne Leander, field office director of the U.S. Department of Housing and Urban Development.

As an incentive, Memphis pays businesses \$50 for updating their information on the Web site. "It's all voluntary, but companies have an additional incentive to update their information," RC Administrator Dottie Jones told www.gomemphis.com. "If we can track it with some degree of accuracy, we'll be able to go back to Congress and show that the program is effective, businesses are claiming credits, and we have an opportunity to do things, to add to the program, extending it."

Before posting updates on the Web site, Jones, administrator of the intergovernmental relations office of the city's law division, verifies the information.

For more information on the Memphis RC programs contact Dottie Jones of the city of Memphis at **(901) 576-6565** or visit the Memphis RC Web site: **www.cityofmemphis.org**

Memphis Conference Highlights RC Tax Incentives

Memphis, Tennessee, RC

"A free conference designed to teach more citizens and business owners about the tax credits takes place Tuesday and Wednesday at the Downtown Marriott, 250 North Main Street. A street fair that runs from 4:45 to 7 p.m. Tuesday will give business owners who can't get away during the workday a chance to meet with various professionals and government" (*The Memphis Daily News*, May 1, 2003).

During 2002, the Memphis RC's first year, fewer businesses than expected took advantage of the available tax incentives. To

increase business participation in 2003, the RC sponsored a 2-day conference and evening street fair to educate the community about RC tax incentives. According to RC officials, when businesses leave the conference they will know enough about the tax credits to ask their accountants and tax preparers about them.

The city's 8-year RC designation has benefited many of the 4,900 businesses located in the RC that covers 48 census tracts and includes downtown, midtown, and the Memphis International Airport. In 2002 T.W. Jones, Jr., who owns a container recycling business, took advantage of RC wage credits for his 10 employees who live in the RC. According to Jones, as long he can make a profit, he will pass the RC tax savings on to his employees. If they were scheduled to receive a 30-cent per hour raise, for example, they got a 60-cent raise. In the future Jones' hiring strategy will focus on residents of the 40-mile RC area to take advantage of the \$1,500 tax credit per employee.

City RC officials hope that the conference and other marketing efforts will educate more business owners to follow Jones's example. As RC Administrator Dottie Jones told the *Memphis Daily News*, "One of the important things for people to understand is that if they are hiring someone, they need to look at where that person lives. If they're faced with hiring an employee and they have two equally qualified candidates—but one comes with a tax credit and one doesn't—well, any intelligent business person is going to want to hire the person that comes with the credit."

For more information on Memphis RC programs, contact Dottie Jones at **(901) 576-6565**.

New Haven Successfully Markets EZ Tax Incentives

New Haven, Connecticut, EZ

Empower New Haven, which administers the New Haven EZ, has been fielding more questions from tax professionals, residents, and current and prospective business owners. The organization has earned this attention by making significant strides in the past 2 years in marketing and promoting EZ tax incentives.

Using methods ranging from brochures and newsletters to public access television programs, Empower New Haven has worked tirelessly to publicize the benefits of EZ tax incentives. The organization has also formed a partnership with local merchants, neighborhood business associations, and business groups to increase awareness among these communities. In one such effort, the organization invited more than 3,000 EZ businesses to attend a HUD tax incentive workshop. "Empower New Haven is very committed to helping our partner businesses become profitable, and we will continue to aggressively market these vital bottom-line benefits," said Empower New Haven President and CEO Althea Marshall.

As reported in *Success Stories: Round II Empowerment Zones*, Empower New Haven has also formed a business alliance with the Greater New Haven Chamber of Commerce (COC). EZ staff gave presentations and answered questions on EZ tax incentives at two COC board meetings, and the COC in turn featured the tax incentives in one of its weekly newspapers. Through its work with the COC, the EZ informed more employers about the benefits of locating in the EZ and hiring Zone residents.

These efforts are getting results. Thanks to Empower New Haven, the *Medical Center*

Pharmacy Group, an organization with five pharmacies located in the EZ, learned that it could save \$30,000 annually through the EZ wage credit alone.

For more information on the programs of the New Haven EZ, please contact Althea Marshall, President and CEO of Empower New Haven, at **(203) 776-2777**.

Savvy Veterinarian Applies Multiple RC Incentives for Maximum Savings

Northern Louisiana, RC

Dr. Chris Sullivan owns the *Sullivan Veterinary Clinic* in Winnsboro, part of the Northern Louisiana RC. He is the sole proprietor of a large and small animal practice in this manufacturing and farming community of about 6,000. When Sullivan decided to build a new clinic, he was eligible for the tax advantages available to business owners focused primarily within an RC.

In May 2002 Sullivan sent his accountant to HUD's Community Renewal Implementation Conference in Washington, D.C. At the conference his accountant learned the details on tax incentives, innovative tax incentive marketing techniques, and performance measurement. What he learned allowed Sullivan to save many thousands of dollars on land, construction, and equipment for his new clinic. The accountant was also able to advise Sullivan on how to take advantage of ongoing wage credits and, since Sullivan plans on keeping the RC business for more than 5 years, how he can avoid capital gains when he decides to sell the business.

During construction of the new clinic, Sullivan applied for an allocation of the RC commercial revitalization deduction to help

reduce his construction costs. He also divided the deductions for his equipment purchases between 2002 and 2003 to take full advantage of increased Section 179 expensing. He currently receives a \$1,500 RC wage credit annually for each of his seven original employees, since they all live in the RC. Recently he hired four new employees from the RC who are between the ages of 18 and 24. He is able to claim a \$2,400 one-time WOTC for each of these new employees.

For more information on the programs of the Northern Louisiana RC, please call President and CEO Tana Trichel, Macon Ridge Economic Development Region at **(318) 757-3033**.

Orange Cove Businesses Growing in RC

Orange Cove, California, RC

RC tax credits are revitalizing the citrus packing industry in Orange Cove and generating hundreds of new jobs. "These jobs will pay better than minimum wage, and the workers will also receive benefits," said Orange Cove Mayor Victor Lopez. "That's music to my ears, having this kind of business coming into Orange Cove" (*The Fresno Bee*, September 10, 2003).

As a result of Orange Cove's RC designation, owners of area citrus plants—many idle for years—have bought, renovated, and expanded their businesses, in some cases doubling their workforces. Former RC Manager Jim Gordon highlighted some of the packinghouse improvements directly tied to RC tax incentives:

- *Bowman Farms* purchased and completed a \$100,000 renovation of a plant that had been idle for 4 years and added new jobs. In addition to its own citrus groves and packinghouse, the Bowman family also owns a health-benefits administration company, which means the company can provide health benefits to employees.
- When *Sunny Cove Citrus* left a smaller packinghouse last year, it purchased and renovated a larger one that had been closed for 6 years. The Sunny Cove plant doubled its work force to about 200 employees. When the \$500,000 expansion is completed, the total number of employees could increase to about 400.
- After *Booth Ranches* reopened a closed plant, the company created 75 new jobs. Booth will complete a two-phase, \$2.5 million expansion, expected to create another 75 jobs.
- *Cecilia Packing Corporation's* \$2.25 million expansion and modernization will add approximately 85 jobs.

Prior to the area's becoming an RC, Orange Cove packinghouses handled about 14 percent of California's citrus crop, but, by 2005, this could rise to 17 percent, according to Gordon. The RC has also helped turn around the city's 2002 unemployment rate of 39 percent. Packinghouse jobs had declined to 500 in recent years, but, thanks to business expansion, this sector could provide 1,250 jobs by 2005 in a city of 8,000 people.

For more information on Orange Cove RC programs, contact Project Manager Julian Chapa, city of Orange Cove, at **(559) 626-2489**.

Empowering Employers “One at a Time” in Pulaski County EZ

Pulaski County, Arkansas, EZ

After Pulaski County received its EZ designation from HUD in January 2002, representatives from the public and private sectors needed an effective way to inform local businesses about the value of the EZ tax incentives and how they could enhance their bottom line. In a novel marketing strategy, the Pulaski County EZ and the Downtown Partnership of Little Rock launched a campaign to personally visit the top 100 employers in the EZ. As a result, businesses in the EZ are now reaping the benefits of meeting one-on-one with EZ Manager Terri Hollingsworth and Downtown Partnership Executive Director Sharon Priest. Some businesses are learning about the EZ employment credits for the first time and are excited about using the credits.

“Because the success of the EZ is based on the business taking advantage of the credits, we felt that it was important to provide personal visits to help the business community understand these important economic incentives,” says Hollingsworth. “Since this valuable economic tool is not widely used, our goals are to make the business community more aware and to make a real impact upon revitalizing our community.”

One EZ success story is the *Community Bakery*, a popular spot for Little Rock residents to satisfy their carbohydrate cravings. The bakery has two locations in the EZ and one in West Little Rock. Community Bakery owner Joe Fox employs between 200 and 300 workers every year, and nearly 55 cents of every dollar earned is spent on payroll. Because his business is so labor intensive, Fox was quick to take advantage of the tax incentives, which allow him to receive up to \$3,000 in tax credits annually for every new and current

employee who both lives and works in the EZ. He applied the credit to 39 employees in 2002.

Fox wants to ensure that more employers know about the tax advantages of locating within the EZ. “It certainly makes it more financially attractive to be operating a business in the EZ, particularly a business that hires a lot of employees,” he says.

For more information on the Pulaski County EZ, please contact EZ Manager Eyona Scott at **(501) 375-0121** or **escott@downtownlr.com**.

Toyota To Realize Huge Savings by Locating in San Antonio EZ

San Antonio, Texas, EZ

On February 5, 2003, Toyota announced its choice of the San Antonio EZ as the place to build its sixth North American vehicle assembly plant. *Toyota Motor Manufacturing, Texas, Inc.*, will build approximately 150,000 Tundra full-size trucks annually at the new facility beginning in 2006. The new plant represents an \$800 million investment by Toyota and is expected to generate approximately 2,000 new high-wage jobs in the San Antonio area, many for EZ residents. Suppliers will add another 1,000 jobs and generate at least \$100 million in building and equipment investments.

The substantial tax savings that are associated with the hiring of EZ residents was the catalyst for Toyota’s decision. If only 1 in 20 of the positions projected to be created by the Toyota plant and supplier activities is filled by an EZ resident, the employers could realize up to \$450,000 in tax savings annually.

Toyota is also developing a reputation in the city as an exemplary corporate citizen. So far,

the company has made donations totaling half a million dollars to five San Antonio non-profits to help support economic development, college scholarships, parenting and early childhood development programs, education, and medical services.

Mayor Ed Garza commented that Toyota is “creating a transformation in our community. The Southside will be the center of investment with new neighborhoods and commercial development, and the Toyota plant will be at the core of that growth.”

Fujio Cho, president and CEO of Toyota Motor Corporation, said of San Antonio, “Besides being a great place to live and work, San Antonio is a city of the future. Located in an important corridor for North American trade, it will undoubtedly serve as a vital link tomorrow for businesses all around the world.”

For more information on the programs of the San Antonio EZ, please contact Dianne Quaglia of the city of San Antonio at **(210) 207-4014**.

New San Francisco Centre Brings Millions in Development

San Francisco, California, RC

When complete, it will boast the second-largest Bloomingdale’s and Nordstrom in the country, create 3,350 permanent jobs, and contribute \$43.3 million for affordable housing over 30 years. It is the *San Francisco Centre*, soon to be one of the Nation’s largest urban retail destinations.

Located in the San Francisco RC, “This one-of-a-kind project will give San Francisco’s retail core a huge boost by attracting millions of new shoppers,” said Mayor Gavin Newsom. “Businesses from Union Square to Yerba Buena will benefit from the increase in

consumers drawn to the area, and the city will benefit from a surge in tax revenue, thousands of new jobs, and millions in community contributions.”

This shopping and entertainment venue is the result of an agreement between Forest City Enterprises, the developer of 835 Market Street, and Westfield America, which owns the San Francisco Centre. In February 2003 the firms announced a plan to integrate, develop, and market two adjacent sites to maximize their potential. “Two of the Nation’s leading real estate companies have come together to develop a premier retail and entertainment destination that will provide substantial benefits to the city of San Francisco,” said former Mayor Willie L. Brown, Jr.

Among those benefits are the creation of more than 3,000 permanent jobs and the generation of \$500 million in annual sales. The San Francisco Centre also will establish job training, internship, and emerging business incubator programs. It will provide more than \$40 million for affordable housing over 30 years, and contribute some \$2 million to a revolving community improvement fund.

Employers in the new development will be able to take advantage of several tax incentives as a result of the centre’s location. RC employment credits, available through 2009, provide \$1,500 in tax credits to businesses for each employee that lives in the RC. By hiring residents of California’s EZ, businesses in the San Francisco Centre also will be able to take advantage of the State’s EZ hiring credits. The San Francisco Redevelopment Agency and the Mayor’s office assisted the project’s developers in obtaining the necessary State approvals for the project. The RC CRD, worth a combined \$12 million in accelerated deductions each year to businesses in the RC, allows businesses that build or rehabilitate commercial property to use a 10-year depreciation schedule, as opposed to the standard 39 years. With a single maximum allocation of \$10 million, this

deduction offers eligible businesses instant tax savings of tens of thousands of dollars.

The new development boasts several aesthetic enhancements, chief among them the restoration of the famed 102-foot-wide, glass-and-steel dome and Rotunda and historic Market Street façade to their early 1900s' appearance. The unique oval-shaped atrium that currently illuminates the San Francisco Centre and links historic Market Street with contemporary Yerba Buena will complement the dome.

For more information on the programs of the San Francisco RC, contact RC Program Director Albert Lerma at **(415) 252-3134**.

EZ Wage Credits Steer Cycle Company in Right Direction

Santa Ana, California, EZ

A streamlined procedure to help businesses apply for EZ employment credits has a motorcycle seat manufacturing company riding high in Santa Ana, California. *High End Products*, which opened for business in 1998, was looking to expand just 4 years later. The timing was fortuitous: in January 2002 HUD's 15 Round II EZs had received an expanded package of tax incentives to help stimulate economic growth among EZ businesses.

Intrigued by the potential tax savings, High End left Rancho Margarita, California, in November 2002. "The combination of tax credits, business-friendly environment, and qualified labor force were the main draw for High End Products to relocate to Santa Ana," said Sonny Thomas, vice president of operations. The company's 20,000-square-foot building is adjacent to Santa Ana's Auto Mall and the 55 Freeway.

When the facility opened, workers with the Santa Ana EZ wasted no time providing High End Products with a specially designed affidavit form to help the company verify those employees that were EZ residents. The manufacturer was able to qualify eight employees, worth \$24,000 in Federal employment credits. An EZ business can earn \$3,000 in tax credits each year for every EZ resident it employs.

Santa Ana's hands-on approach has helped businesses in the EZ claim some \$1.9 million in tax savings since 1998. "The EZ tax credits offer Empowerment Zone residents and businesses a profitable tool to stimulate economic growth and sustainability within the Santa Ana EZ," said William Manis, Santa Ana EZ manager.

Due in part to its recent tax savings, High End Products is looking to expand its facilities and employee base within the next year. The firm is working closely with EZ staff to maximize its savings. "It's important for a business to have the support of both its workforce and of the city," said Lars Roulund, president and CEO of High End Products. "As a business owner, it's comforting to know that the city is in my corner."

High End Products recently received a national 2004 Initiative for a Competitive Inner City award. Ranked 31st among 7,000 applicants, the firm is considered one of the most innovative and fastest-growing companies in the United States. High End Products has increased its business by 110 percent over the past 2 years: in recognition of this growth and the firm's importance to the city, Santa Ana presented High End Products with a city proclamation at its May 2004 council meeting.

For more information on the programs of the Santa Ana EZ, contact EZ Director Deborah Sanchez at **(714) 647-6548**.

Renewal Community Incentives Keep Jobs in United States

Southern Alabama, RC

Although many textile and apparel companies have moved their operations overseas to cut costs, at least one firm has found a way to reduce expenses without leaving town.

American Apparel considered its Selma, Alabama, plant, which employed some 400 workers, to be a candidate for relocation. Such a move would have adversely affected the local apparel industry, a key component of Selma's economy.

The 2002 RC designation of the area in which the American Apparel facility is located has allowed this plant to prosper at a time when other U.S. textile companies are closing their doors. The CRD, wage credits, and other tax benefits associated with the RC have produced significant cost savings for this producer of military uniforms and provided an incentive for the company to stay put.

With more than 75 percent of its employees living in the Southern Alabama RC, American Apparel was able to reduce its after-tax labor cost by about 52 cents per hour, according to company managers. That saved the company roughly \$400,000 during the RC's first year in existence. A business in the RC may earn up to \$1,500 each year in wage credits for each RC resident it employs. Reduced labor costs helped American Apparel increase its workforce to 480 and install automation that it could not otherwise afford.

The RC benefits and resulting tax savings have allowed American Apparel to not only increase capital spending, but also to consider two expansion projects. The company is looking at a permanent press facility in 2005 as well as an additional sewing plant. Both facilities will be located in the RC.

For more information on the programs of the Southern Alabama RC, contact David Barley II of the Alabama Department of Economic and Community Affairs at **(334) 242-5823**.

Automotive Supplies Establish Niche Market in RC

Southern Alabama, RC

When a major automaker built a plant just 30 miles from the eastern border of the Southern Alabama RC, it turned the RC into a prime spot for automotive-related businesses. Realizing the marketing potential inherent in the RC's proximity to the Hyundai Motors plant, the Alabama Department of Economic and Community Affairs (ADECA) developed a strategy that has convinced three automotive suppliers to locate within the RC.

Working closely with the Alabama Development Office (ADO) and local economic developers, ADECA came up with a multipronged effort to entice automotive suppliers to establish operations within the RC. The agency developed brochures that explained the financial benefits of locating in the RC. It produced economic and financial models, using a cost-benefit comparative-analysis approach, that were based on a company's potential investment. ADECA gave presentations to prospective automotive suppliers as well as to ADO's industrial recruiters and local economic development managers and staff. After learning of the tax incentives available through the RC program, Todd Strange, director of ADO, described the combination of wage credit and capital gains provisions as "... one of the best recruitment tools in the State."

As a result of these efforts, three automotive suppliers have decided to locate in the RC and several others are considering doing so. In 2002 two automotive-related businesses, *Hwashin Ltd.* and *Hysco America Company, Inc.*, agreed to locate in Greenville, Alabama. A third automotive supplier, *Sejong Industrial Company Alabama*, decided to locate in Fort Deposit in Lowndes County, which has one of the highest poverty rates in the Nation.

Collectively these plants will invest about \$100 million in buildings and equipment and employ approximately 960 people. The companies will save thousands of dollars through wage credits, worth up to \$1,500 annually for each RC resident a business in the designated area employs.

Construction at these three facilities began in 2003. Each manufacturer is eager to take full advantage of the CRD, a tax incentive worth \$12 million yearly to each RC. Businesses within the RC may depreciate as much as \$10 million in construction or rehabilitation costs over 10 years instead of the standard 39 years.

For more information on the programs of the Southern Alabama RC, contact David Barley II of the Alabama Department of Economic and Community Affairs at **(334) 242-5823**.

Tax Incentives Encourage Manufacturer To Consolidate Operations

Southern Alabama, RC

With a plant in Marion, Alabama, and another in Knoxville, Tennessee, *TekPac* was looking to improve company efficiency. When HUD designated the Southern Alabama RC in January 2002, *TekPac* jumped at the chance to consolidate its operations and take advantage of the tax savings.

TekPac's primary business had been manufacturing synthetic medical devices at its Alabama site. When it merged operations, the production of food spices and room deodorizers shifted to Marion as well. The consolidation not only allowed *TekPac* to expand its selection of products, but also to increase its workforce by 8.5 percent. In January 2002 the company had about 65 full-time employees and as many as 35 part-time employees.

"Approximately 90 percent of the company's employees live in the Renewal Community and the RC wage credit is a major benefit to the company," said a *TekPac* manager. The company will be able to save more than \$50,000 each year through the RC wage credit alone, the manager predicted. Businesses in the RC can earn up to \$1,500 a year in wage credits for each employee residing in the RC. The RC program has not only stabilized *TekPac's* workforce at the Marion location but also expanded employment opportunities for area residents.

For more information on the programs of the Southern Alabama RC, contact David Barley II of the Alabama Department of Economic and Community Affairs at **(334) 242-5823**.

RC Designation Helps Hospital Expand in Rural Alabama

Southern Alabama, RC

RC tax savings are improving the financial health of *Georgiana Regional Hospital* and its services to low-income rural communities. Located in the Southern Alabama RC, the hospital serves three counties inside and three counties outside the RC. Medical services are spread thinly throughout the area,

because several counties do not have the population or finances to support a hospital.

According to Hospital Administrator Harry Cole, prior to the area's being designated as an RC, "We wanted to build a daycare center for our employees but could not justify it because the revenue stream would not support it. However, through a combination of RC wage tax credits and the community revitalization deduction's accelerated depreciation provisions, it is now financially feasible for the hospital to proceed with the capital investment to build the daycare center." In 2003, as a result of tax savings from different RC tax incentives, the hospital was able to begin constructing a daycare center that will accommodate 30 to 40 children.

In 2002 the Georgiana Hospital had approximately 105 full- and part-time employees, approximately 50 percent of whom live in the RC. According to Cole, "This resulted in an annual after-tax wage savings of \$50,000 to \$60,000 annually, thanks to the Renewal Community program's wage tax credit provisions." The hospital is now planning an additional capital investment within the next 2 years.

For more information on the programs of the Southern Alabama RC, contact David Barley II of the Alabama Department of Economic and Community Affairs at **(334) 242-5823**.

Tacoma Dance Club Bops to the Beat of RC Tax Savings

Tacoma, Washington, RC

No, it is not a gimmick or an infomercial.... There really is money out there waiting to be claimed by local merchants in the form of tax credits. That is the message the Tacoma

Economic Development Department is sending to businesses in the 3-year-old Tacoma, Washington, RC.

The Loft, a dance club on South 21st Street and Pacific Avenue, has gotten the message loud and clear and is taking advantage of the RC wage credit. "It's made a big difference for us.... You take it right off the bottom line," said Jordan Snyder, The Loft's general manager. "It's a no-brainer." Because 9 of its 30 workers live within the RC's boundaries, the club saved \$13,500 in taxes. That is a \$1,500 tax credit per employee, the maximum allowed each year.

Shari Hart, who coordinates the RC program, makes frequent pitches to the Downtown Merchants Group and others interested in learning about the variety of tax breaks and development opportunities available in the RC. As she promotes the RC, Hart reminds business owners to use HUD's address locator at **www.hud.gov/crlocator** to determine whether their business is located and the employees reside in the Tacoma RC.

Tacoma is the only place on the Puget Sound—and one of only 28 urban communities around the country—to receive a HUD RC designation in 2002. The Tacoma RC covers most of the downtown core, the port area, upper Tacoma, and a portion of the city's east side. The RC replaces Tacoma's former Enterprise Community designation and is slated to last through December 2009.

In addition to the wage credit, Tacoma businesses can take advantage of the RC designation through CRD, increased IRS Section 179 deductions, and zero-percent capital gains rates when they sell qualified property.

For more information on the programs of the Tacoma RC, contact Shari Hart at **(253) 591-5208**.

Businesses Empower Employees by Sharing EZ Wage Credit Proceeds

Tucson, Arizona, EZ

Matt Noble, owner of *Fraternity Management Group (FMG)* in Tucson, Arizona, understands that a key to profitability is a positive employee attitude. That is why, Noble said, “I’m always looking for ways to help my employees succeed on the job and in life.” EZ tax incentives have given Noble both the opportunity to support his employees and to reduce his Federal tax burden.

Noble offered to split his EZ employment credit proceeds with any employee willing to move into the Tucson EZ. Anthony Marks took Noble up on his offer and used his share of FMG’s savings from the EZ credit to help purchase a house near downtown. “I’m thankful that Matt and the Empowerment Zone helped me find a better place to live and gave me a jump in building a better life,” Marks said.

“This designation placed our community among an elite group of cities and created powerful tax incentives for small business owners,” said Tucson Mayor Robert Walkup. What makes the EZ so effective, said Walkup, is the way in which businesses are using the program to support their employees. “The credit’s design and the city’s marketing strategy emphasize reinvestment in our future,” Walkup said. “They are an important part of building an effective workforce.”

A-1 Mattress, a small five-person shop in South Tucson, is eligible for a \$3,000 EZ employment credit for each of the three employees who live in the zone. Owner Bobby Bido is using the \$9,000 credit he receives every year to purchase health insurance for all of his workers.

City leaders hope to see the EZ expand its reach into the community. “The primary tool of the Empowerment Zone is Federal tax and financing incentives, but the Empowerment Zone concept is much more,” said Assistant City Manager Karen Thoreson. “It lays out a strategic vision addressing the workforce, economic, and community development needs of Tucson, and it does this by supporting vital revitalization projects, by helping individuals find jobs, and by instilling a sense of civic pride.”

When Fiore Iannacone, who has owned the *Italian Kitchen* restaurant in downtown Tucson for 20 years, found out about the EZ, he filed an amendment to his 2002 tax returns and received \$2,100 back because of the program. Iannacone used the additional money to invest in a new downtown restaurant, the Enoteca Pizzeria and Wine Bar, which opened in January 2004. “Because this program has been so beneficial to me, I have hired more employees from the Empowerment Zone and hope to be a part of downtown for a long time to come,” he said.

For more information on the programs of the Tucson EZ, contact Larry Cummings at **(520) 791-5093**.

Putting Earned Income Tax Credits Back Into the Pockets of EZ Residents

Yonkers, New York, EZ

Promoting EZ incentives for businesses and helping residents access earned income tax credits (EITCs) are major Yonkers EZ initiatives. Partnerships have played a key role in the program’s success: the Yonkers EZ staff has been working with many local and national partners, including HUD’s Office of Economic Development, to promote tax

incentives in the EZ and maximize the injection of funds into the local economy.

Since receiving its Round III EZ designation in January 2002, Yonkers has been holding monthly seminars for local EZ businesses and residents to maximize the impact of tax benefits in the EZ. The one-hour sessions, cohosted by local banks and businesses, provide technical overviews of EZ tax benefits while also stressing the program's simplicity.

By spring 2004 more than 1,000 people had attended 50 seminars. According to an EZ staff survey of seminar attendees, the city's EZ companies had accessed more than \$1.5 million in Federal EZ wage tax credits.

The seminars also provide opportunities for EZ staff to develop relationships with the business community and establish a level of communication that otherwise might not exist. The EZ staff provides information about EZ incentives, as well as incentives available through other Federal, State, and municipal programs.

An EITC campaign, developed by Yonkers city and EZ staff, helps EZ residents access EITCs and maximize their tax refunds. IRS-trained volunteers provide free tax-preparation services at the new Yonkers Riverfront Public Library at One Larkin Center in Yonkers. The *Volunteer Income Taxpayers Assistance (VITA)* program receives generous support from Yonkers Mayor Philip A. Amicone's Office, JP Morgan Chase, and Verizon Wireless.

To publicize the widely underutilized EITC, the VITA site informs eligible EITC recipients of the credit and completes tax returns for free. Filers can elect to file their returns electronically and to have their refunds deposited directly into their bank accounts. EITC can refund up to approximately \$4,300 for eligible filers and provides additional income for low-income workers.

VITA is a collaboration of several organizations. A generous grant from JP Morgan Chase funded the purchase of six computers on which VITA volunteers complete the tax returns. Verizon Wireless has agreed to make cell phones available for calls to the IRS, and the Yonkers Riverfront Public Library dedicates two rooms for the entire tax preparation season.

In 2004 the VITA assisted more than 800 taxpayers who received \$400,000 in EITCs. With the help of VITA volunteers, more Yonkers residents were able to claim tax credits that put more money into their pockets and stimulated the local economy.

For more information on the Yonkers EZ programs, contact EZ Manager Lola Vataj at **(914) 377-6135**.

Deductions

Each year from 2003 through 2009 each RC has the authority, through commercial revitalization deductions (CRDs), to make \$12 million in accelerated deduction allocations to businesses that build or substantially rehabilitate commercial property in RCs. Since there are 40 RCs, this incentive is worth almost \$4 billion in accelerated deductions to businesses in these areas during the 8-year RC program.

Businesses in the RCs have taken many different levels of CRD allocations to save millions of dollars. If a business receives a \$1 million CRD allocation, for example, it can deduct this amount in expenses over just 10 years, or \$100,000 each year. Normally businesses must take such deductions over 39 years, or just \$25,000 per year in this example.

The CRD has a second deduction option. The business can deduct one-half of the \$1 million in the first year, or \$500,000. The business would then deduct the remaining \$500,000 evenly over the next 38 years.

In 2002 and 2003 RCs nationwide made CRD allocations of more than \$475 million to local businesses.

The Increased IRS Section 179 Deduction is an incentive available to employers in RCs and EZs that do a substantial portion of their business in the designated areas. Expensing or accelerated depreciation increases the deductions a business can claim when calculating its taxable income. Generally a business has to depreciate its equipment and buildings over the economic life of the equipment or building. This incentive permits a business to deduct an extra \$35,000 in equipment costs in the year of purchase. This is another incentive that has influenced investment decisions in

the designated areas. The average value of investment among businesses that used this incentive was more than \$90,000. Among EZ business owners that claimed this deduction, 16 percent reported that the availability of this deduction was important in their investment decision. They agreed that without this provision it was “very unlikely” or “somewhat unlikely” that they would have made the investment that was expensed.

If you would like additional information on any of the success stories on tax deductions in this section, please consider calling the RC or EZ directly using the contact information that appears at the end of every story. In addition, to determine if a business is located in one of the RC/EZs and may be eligible for tax deductions, please visit **HUD’s RC/EZ Address Locator** at www.hud.gov/crlocator.

CRD Helps Burlington Reclaim Its Historic Waterfront

Burlington, Vermont, RC

“Without the commercial revitalization deduction [CRD] tax allocation, the public amenities of this project would have dragged down the project financially,” commented Melinda Moulton of the Main Street Landing Company, developer for the *Lake and College Street Redevelopment Project* in Burlington, Vermont.

“With the CRD, we are able to provide a wonderful community resource with enormous cultural amenities, public promenades, 18,000 square feet of additional park space, and public linkages from downtown to the city’s waterfront, and create a financially viable commercial project,” said Moulton.

A 2003 CRD, awarded through the Burlington RC, provided \$10 million of an estimated \$12 million in costs for the Lake and College Street Redevelopment Project.

Once the region's lively, bustling center of transportation and manufacturing activity, Burlington's waterfront on Lake Champlain played a major role in the early history of the city. Later, as highways came to dominate commerce and transportation, more than 100 acres of Burlington's urban waterfront lands were left neglected, scarred with remnants of past industrial uses such as junkyards, auto body shops, coal plants, and oil storage terminals. A large lumber mill at the corner of Lake and College burned in the 1920s.

The 113,000-square-foot Lake and College Street Redevelopment Project includes a movie theater, a restaurant, office and retail space, sculpture gardens, a 56-car underground parking garage, and public promenades and terraces. A series of pedestrian-friendly businesses and shops staggered along Lake Street's edge will provide a mix of small retail spaces housing locally owned businesses, shops, and artist studios. The project will link to the Battery Park Extension to the west via a central overlook, stair, and elevator system. The steep embankment will be terraced, creating about 18,000 square feet of new city park space. The project broke ground on July 1, 2003.

The project is estimated to employ 500 people during construction, creating about 250 permanent jobs. The project owners and employers will also be able to take advantage of RC wage credits worth up to \$1,500 yearly for each person they employ that resides in the RC.

For more information on the programs of the Burlington RC, please contact Bruce Seifer of the city of Burlington at **(802) 865-7144**.

Redevelopment of Historic Building Rises to New Levels

Burlington, Vermont, RC

Despite its location in Burlington's thriving downtown *Church Street Marketplace*, only part of the Nelson Block had shared in the area's economic renewal. Although the ground floor of this 1864 vintage building was rented to retail tenants, the upper floors had long been vacant. The second floor had not been occupied for two decades, the third floor not since 1932.

Each of the abandoned upper floors contained a potential 4,400 square feet of floor space in a viable commercial location. Yet much of the space was inaccessible or not in compliance with building codes. Under ordinary modes of financing, the costs of making the upper floors usable would have been overwhelming.

In 2003 a \$144,000 CRD allocation through the Burlington RC, along with other financial resources, helped remedy the situation. The *Nelson Block Redevelopment Project—Church Street Marketplace* took place in two phases. Phase I included critically important infrastructure improvements to the building, especially to the roof, support beams, and drain system. Reinforcement of the floors with metal beams to meet code requirements for floor loadings—an exceptional expense—occurred during Phase II.

Redevelopment of the Nelson Block helped enhance the vitality of Burlington's downtown. Opening the building's neglected upper floors to commercial use helped make up for the lack of vacant, developable land at the Church Street Marketplace. The upper-floor redevelopment strategy also fights urban sprawl and preserves the city's historic and architectural heritage.

For more information on the programs of the Burlington RC, please contact Bruce Seifer of the city of Burlington at **(802) 865-7144**.

Tax Incentives Make Florist Bloom

Charleston, South Carolina, RC

Is the RC a good place to launch a successful business? Ask Manny and Clara Gonzales, owners of Tiger Lily Florist in the Charleston RC.

Each year from 2000 to 2003, readers of the *Charleston City Paper* voted *Tiger Lily Florist* the "Best Florist in Charleston." The following year, Tiger Lily was chosen Charleston's 2004 Small Business of the Year.

The Tiger Lily site—an abandoned, 1930s-era gas station at Spring Street and Ashley Avenue—had been vacant for 10 years, with environmental and soil contamination from underground fuel tanks. Manny and Clara Gonzales were able to rehabilitate the property while preserving its historic architecture, thanks to the help of the Charleston RC's CRD and other tax incentives.

The \$425,000 CRD allocation helped the Gonzaleses purchase and rehabilitate a neighborhood eyesore and provided a key spark to the redevelopment of the city's Spring/Cannon Street corridor. The RC tax incentives were major determinants in their decision to purchase and renovate at this location, according to Manny Gonzales.

Tiger Lily Florist is a full-service shop that prides itself in providing client satisfaction through its innovative flower designs and some of the finest fresh flowers from around the world. "It is these qualities that have helped us become the florist of choice for Charleston's elite hotels, restaurants, wedding

and special event planners, and downtown residents," said Manny Gonzales.

"Because of the RC tax incentives, we can put more Renewal Community residents to work," said Gonzales, who plans to employ five RC-based employees by 2004. The business will be able to claim yearly RC wage tax credits worth as much as \$1,500 for each employee. The RC tax incentives enable the Gonzaleses to pay competitive wages and provide generous benefits packages.

"What makes this project unique is that Tiger Lily is a community-based small business that has embodied the true spirit and intent of the RC tax incentives by hiring local RC residents while becoming a good neighbor within this historic Charleston neighborhood," said Anthony Moore, Sr., manager of the Charleston RC.

For more information on the programs of the Charleston RC, please contact RC Manager Anthony Moore, Sr., at **(843) 720-3836**.

New Circle K Celebrates Tax Savings

Corpus Christi, Texas, RC

The CRD, available to businesses in RCs, has created 14 jobs at a new *Circle K* convenience store located in the Corpus Christi RC. The new store celebrated its grand opening in May 2004.

The Corpus Christi RC provided SSP Partners, owners of the Circle K franchise, with the opportunity to receive a CRD allocation of \$850,000, which allows the business to rapidly accelerate the depreciation of the building. CRD allocations are available to businesses in RCs that build or substantially rehabilitate commercial properties. Business owners that receive CRD allocations can

deduct their construction or rehabilitation costs over 10 years instead of the normal 39, thus saving substantial amounts in taxes.

Corpus Christi Mayor Loyd Neal, who participated in the grand opening event, says that SSP Partners has been a leader in ongoing revitalization efforts in the RC and that the city of Corpus Christi is proud to have been part of a project that turned what had been a vacant lot for 10 years into a first-class convenience store.

The 14 new jobs created by construction of the store will generate an annual payroll of approximately \$250,000. The 4,700-square-foot facility includes 16 fueling stations and food service from an onsite kitchen and from Laredo Taco Company.

According to Sam Susser, SSP Partners president, the CRD allocation allowed the company to expand its plans for the store. Susser believes the new Circle K will help generate increased activity by both area residents and tourists visiting the nearby convention center and multipurpose arena and attending games played by the Corpus Christi Hooks minor league baseball team.

For more information on the Corpus Christi RC, contact Assistant City Manager Oscar Martinez at **(361) 880-3235**, or **oscardm@cctexas.com**.

(Information in this story was derived from the Corpus Christi Caller-Times, May 8, 2004.)

Eastern Kentucky RC Businesses Benefit From Tax Incentives

Eastern Kentucky, RC

The EKRC surveyed businesses on their use of RC tax incentives on their 2002 Federal income tax returns, and results showed that the tax credits and deductions have provided significant benefits to the community.

With 50 businesses responding, results indicated that businesses used the RC wage credit for a combined 636 employees. This incentive alone provided total tax credits of \$745,306. The RC wage tax credit is worth up to \$1,500 each year to business owners for each person they employ who lives in an RC. This can be a substantial amount of money to small business owners and can help them pay important bills or purchase additional inventory.

The survey also showed that the Work Opportunity Tax Credit (WOTC) provided businesses with a combined \$900,870 in credits on qualified first-year employees. This savings, especially when combined with the estimated \$3,000 savings per business from wage credits, equals approximately \$6,600 in tax savings for each business in just 1 year.

Survey respondents indicated they received even more savings by claiming an Increased IRS Section 179 Deduction, another major RC tax incentive. According to results, the businesses that claimed tax savings from this incentive reduced their taxes by an average of almost \$30,000 (assuming that they fall in the 20-percent tax bracket).

EKRC businesses also saved substantial amounts of money due to the CRD. EKRC made CRD allocations to seven businesses in Lee and Owsley Counties to construct new buildings or substantially renovate existing ones. In 2002 these businesses received CRD allocations totaling more than \$1.4 million; the actual tax savings for these businesses over a 10-year period will equal approximately \$287,000.

Businesses throughout the EKRC have experienced substantial tax savings from the RC tax incentives. *Land Farm Supply*, located in Lee and Owsley Counties, is a good example. After filing 2002 Federal income taxes, owner Jesse Land said, "This is the first time in a long time that we have not had to pay any

Federal income tax!” Prior to the RC designation, Land’s annual tax payment to the Federal Government averaged \$4,500 per year; using only wage credits, Land lowered his 2002 Federal tax payment to zero.

Luther and Rosemary Smith of Lee County are also excited about the benefits they received from the tax incentives. In 2002 the Smiths built two buildings in Beattyville for lease as office space. They received a CRD allocation of \$629,466 to build the buildings and chose to deduct one-half of the expenses in the first year. The benefit was so great they decided to build another building in 2003, on which they received another \$200,000 CRD allocation. Rosemary Smith says, “Tax-wise, this is a perfect time to build commercial buildings.”

The Smiths also own *Jordan Drug Company* with locations in Booneville, Beattyville, Campton, and Jackson. Their company claimed RC wage credits for several employees who live in the RC and thus saved enough money to hire five more employees.

In March 2000 *CJM Metal Fab, Inc.* opened in Hazard, Kentucky. CJM has continued to grow each year with the support of local banks and nonprofit lenders, including the East Kentucky Corporation, the Kentucky River Area Development District, and the Mountain Association for Community Economic Development. On its 2002 Federal tax return, CJM expensed property, including production equipment and vehicles, under the Increased IRS Section 179 Deduction provision. In 2003 CJM employed as many as 40 individuals and the company plans to take full advantage of the available RC wage credits.

For more information on the EKRC, contact EKRC State and OCAT Director Susan Wilder at **(606) 593-7296**.

CRD Provides Shot in Arm for Rural Texas Businesses

El Paso County, Texas, RC

As businesses in rural southeast El Paso County begin to take advantage of the CRD available through the RC program, residents in turn begin to benefit from expanded service availability and the potential for new jobs.

“This is the beginning of a shot in the arm for rural residents whose median family income is less than \$24,000 per year and who are dozens of miles from commercial clusters in larger populated areas of El Paso County,” Precinct Commissioner Miguel Teran said. The commissioner, who represents the area, has also been the driving force behind the current development and construction of the new Tornillo/Guadalupe International Bridge and Port of Entry between the United States and Mexico.

In each RC, businesses can take a combined total of \$12 million in CRD allocations annually. Retail, service, and warehousing businesses in the El Paso County RC took a total of \$2.25 million in CRD allocations for tax year 2003. A combined allocation of \$750,000 helped to develop a new movie theater and an auto parts store in the town of Fabens, and owners of a self-storage facility took a CRD allocation of \$1.5 million to dramatically reduce their final cost. Businesses that construct or rehabilitate commercial properties in an RC can use these allocations to deduct costs evenly over just 10 years instead of the normal 39 thus saving the businesses thousands of dollars in taxes.

The El Paso County RC has a population of approximately 56,500 people concentrated in

small clusters within a sparsely populated 217-square-mile area. The area north of Interstate 10 is uninhabited desert, and the area between Interstate 10 and the Rio Grande River is agricultural farmland with communities ranging in population from 1,500 to 20,000 people.

For more information on the El Paso County RC, contact **(915) 834-8201**.

Facilities Upgrade Promotes Growth in Rural Alabama

Greene-Sumter County, Alabama, RC

Although one of the busiest exits off Interstate 20/59 can be found in Alabama's Greene-Sumter County RC, problems with the local sewage system deterred area business expansion until the RC provided matching funds that leveraged \$669,000 and helped the Greene County Commission rebuild the sewage system. This upgrade not only saved 114 local jobs, it also created the opportunity for a major gaming industry expansion that added 200 new ones.

In an area that suffers from a 12-percent unemployment rate, the new jobs have made a tremendous impact; they could mean an annual difference to the local economy of up to \$10 million. Greene-Sumter's RC designation also allowed the project owners to take a \$500,000 CRD against the cost of rehabilitating the sewage system. The owners thus can deduct the \$500,000 in expenses evenly over just 10 years instead of the normal 39 years for projects not located in an RC, saving them thousands of dollars in taxes. Because of the sewage system renovation, several other businesses are now considering locating near the exit.

For more information on the Greene-Sumter RC and its programs, contact RC Executive Director Donald Means at **(205) 652-7408**, or e-mail **greenesu@bellsouth.net**.

New Manufacturer Touts RC Benefits

Jamestown, New York, RC

Jamestown's RC tax incentives are attracting new businesses, including *International Ordnance Technologies, Inc.*, a new minority-owned business that will create new jobs with good wages for RC residents. Located in a formerly vacant 4,000-square-foot building within the RC, the new company manufactures small and medium caliber ammunition cartridge links for domestic and international sale.

"We are excited at the prospect of locating within the Jamestown Renewal Community," said International Ordnance President Tammy H. Snyder. "The cooperation and support that we have received from everyone involved in bringing this venture to Jamestown has been great. We did look at other locations in New York and Pennsylvania. However, the Harrison Street site is ideal because it is located in the Jamestown Renewal Community and in a New York State Empire Zone. The opportunity to access both Federal and State tax incentives was an important part of our site selection."

Planning to employ 150 RC residents in new manufacturing jobs by its third year of operations, International Ordnance is working closely with the local workforce investment board to select and prescreen prospective employees. Another company goal is to have 35 percent of its workforce live in the RC to qualify for the zero-percent capital gains rate and Increased IRS Section

179 Deductions—benefits available to qualified RC businesses.

In February 2004 Snyder attended an RC symposium in Schenectady, New York, which brought together local leaders, members of Congress, RC staff, and businesses from the State's five RCs to discuss the valuable tax incentives that are available. Snyder discussed the positive impact the RC tax benefits have had on her company in Jamestown and urged ongoing cooperative partnerships to continue to attract and retain businesses and manufacturers in New York's RCs.

Looking forward to a committed presence in the Jamestown RC, International Ordnance recently received a major order from General Dynamics.

For additional information on Jamestown RC programs, contact Director of Development Steven Centi, Greater Jamestown Zone Capital Corporation, at **(716) 483-7667**.

Commercial Revitalization Deduction Recipe for Catering Company Success

Los Angeles, California, RC

When downtown Los Angeles businesses want to lay out a boardroom spread for clients or staff, they often turn to *City Fare, Inc.* This growing corporate catering firm is located on the edge of the booming business district, which is part of the Los Angeles RC. That means City Fare enjoys Federal tax breaks and incentives.

In 2002 City Fare received a CRD allocation worth \$207,000—a tax break available only in designated RCs. Businesses can use CRD allocations to help lower their costs to construct or substantially renovate commercial buildings in RCs. The CRD has been a

bonanza for City Fare owner Terry McIlhargey, who converted a vacant manufacturing plant into a successful food preparation and delivery service.

“The tax credit allowed us to absorb the unforeseen expenses that come with expansion,” said McIlhargey. “By reinvesting those tax dollars in our business, we were able to make our transition smoother by hiring more staff and buying equipment.”

To obtain CRD allocations, businesses must go through an application process developed by each RC in association with their State governments. In Los Angeles, the city's community development department handles these applications, forwarding them with recommendations to the California Tax Credit Allocation Committee for final approval. CRD rules allow the deduction of up to 50 percent of qualified expenses in a year, or 100 percent of qualified expenses over 10 years. By contrast, normal depreciation is taken over 39 years.

“The CRD is fast becoming one of our most valued and versatile business attraction tools. Developers large and small are becoming aware of it and are seeking us out. We have millions of dollars in pending projects lined up to utilize the CRD,” according to Jasper Williams, director of the city's Industrial and Commercial Development Division.

The employment credit—another RC tax break available to McIlhargey—is based on where his 20 employees live. His business can get up to \$1,500 in employment tax credits annually for each of his three employees who also live in the RC. Businesses in the RCs can also receive \$2,400 in Work Opportunity Tax Credits by hiring 18- to 24-year-old RC residents. Qualified RC businesses are also eligible for zero-percent capital gains provisions and Increased IRS Section 179 Deductions.

The financial incentives for companies that locate in RCs are enormous, but equally important are the benefits for surrounding neighborhoods. When a business renovates abandoned or underutilized structures, it eliminates blight and improves living standards in inner-city neighborhoods. Job creation for RC residents also revitalizes communities. City Fare, Inc., has managed to accomplish all of its goals while the neighborhood has benefited as well. This is a win-win recipe that makes City Fare, Inc., and the RC so popular.

McIlhargey's business is prospering. He has added new staff and is considering acquiring an adjacent building to develop as a conference and hosting center. When those plans come to fruition, he will, of course, apply for another CRD.

For more information on the Los Angeles RC programs, please contact RC Director Cliff Weiss at **(213) 485-6301**.

Adaptive Reuse of a Magnificent Urban Resource

Lowell, Massachusetts, RC

The *Boott Cotton Mills* is one of the most historic, architecturally significant mill yards in the United States. The 650,000-square-foot Boott Cotton Mills was incorporated in 1835 as a textile manufacturing company and continued operations until 1956. Although the original four mills, the company office, and a counting house survived in almost original form, long-term neglect and community disinvestment took its toll and all the buildings had fallen into disrepair. In 1989 the new owners started a historically sensitive rehabilitation of two of the four mill buildings for use as office space.

The location of the complex within Lowell's RC and the availability of the RC's CRD tax incentive helped launch the subsequent phase in the renewal project: the rehabilitation of approximately 14,000 square feet of long-vacant space within one of the mills to accommodate the growth of one of the complex's anchor tenants. "The CRD helped one of our most critical mill complexes move forward," says Lowell's former director of economic development, Colin McNiece. "We're looking forward to the next phase and have already begun talking with the owner about another 80,000 square feet."

Since the creation of the Lowell National Historic Park in 1978, which was established to preserve nationally significant historical and cultural sites and structures in the city, Lowell has gained a reputation both nationally and internationally as a model for historic and economic revitalization. The adaptive reuse of this magnificent urban resource is an example of the spirit of cooperation and collaboration that exists in Lowell between the public and the private sectors.

For more information on Lowell's RC Program, please contact Director of Economic Development Brian Connors at **(978) 970-4276**.

Memphis Businesses Succeed With RC Tax Credits and Deductions

Memphis, Tennessee, RC

In 2002 Memphis received its RC designation and the accompanying millions in tax incentives for its local businesses. The city quickly committed the \$12 million in 2002 CRD

allocations from the State of Tennessee to Memphis RC businesses:

- *Tennessee Capital and Development, LLC*, received a \$4.2 million CRD allocation to develop a retail center that would create approximately 150 new jobs paying \$13.75 per hour.
- *First Alliance Bank* won a \$1.4 million CRD allocation to build the first new bank branch to open downtown in nearly 25 years. The bank will create six new jobs that pay \$20 per hour.

In 2003 Memphis received and awarded an additional \$11.3 million in CRD allocations to the following RC initiatives:

- A \$4.8 million CRD allocation will help renovate the historic Hunt Phelan Home—the centerpiece of a \$5.1 million mixed-use project housing a restaurant and bar on the first floor, bed and breakfast suites on the second floor, a separate ballroom (with kitchen facilities) to seat up to 350 people, a day spa, and commercial space.
- Another 2003 CRD allocation, valued at \$3 million, went to the Uptown Center, a 14,000-square-foot, mixed-use project that will include BP, Baskin Robbins, and Subway as tenants. This site is near the new First Alliance Bank branch.

The city of Memphis also developed a Web site (www.cityofmemphis.org/rc) to promote and collect information on RC tax incentives. Businesses can download applications for the CRD allocation from this Web site and enter tax incentive data.

In Memphis the RC employment credit is the most utilized tax incentive. TWJ Packaging Group, a recycler of industrial bulk containers, saves up to \$1,500 for each of its 8 to 10 employees who live and work in the RC. The company president estimates that the credit equals 50 to 75 cents per hour per

employee—a savings he shares with his employees as salary bonuses. Another company, CCL Custom Manufacturing, employs approximately 250 people, more than 60 of whom live in the Memphis RC. As a result, the company claimed RC employment credits of more than \$100,000 in 2002.

The Memphis RC is home to approximately 112,500 residents and 4,500 businesses. In partnership with the Memphis Regional Chamber of Commerce and the Memphis Light, Gas, and Water Division, the RC mailed invitations to each business and hosted a full-day workshop about the tax incentives available to RC businesses.

For more information about the Memphis RC's programs, contact Dottie Jones at **(901) 576-6565**.

Private Partners Help Milwaukee RC Promote Tax Incentives

Milwaukee, Wisconsin, RC

Although incentives are powerful tools for redevelopment, they are useful only when businesses and residents know they exist and understand how they work. Through a public-private partnership, organizers in Milwaukee are conducting an aggressive outreach and education campaign for businesses that has spurred development and promoted job creation in the city's RC.

With 53 census tracts, more than 140,000 residents, nearly 4,000 businesses, and acres of developable land, the Milwaukee RC has many advantages for local businesses in addition to tax incentives. But Milwaukee's RC organizers knew that to make the most of these resources, their campaign needed to target not only businesses in the RC, but also businesses considering a location within the RC's boundaries, community-based organizations,

workforce development organizations, accountants, attorneys, and economic development professionals.

To meet this challenge, Milwaukee's department of city development created a public-private partnership for outreach and training. Using Community Development Block Grant funds, the city enlisted the Urban Economic Development Association of Wisconsin (UEDA) to lead the public information campaign. UEDA tapped into its strong network in the economic development community to spread the word about the RC's incentives, which include tax credits for business owners who hire workers who live and work within the RC's boundaries, accelerated depreciation for new construction and property rehabilitation, and capital gains exclusions. UEDA also sought private sponsors, such as Johnson Bank, to increase funding and bring additional expertise to the outreach effort.

Since Milwaukee received its RC designation in 2002, RC organizers have had personal contact with 45 percent of the businesses in the RC, held nearly 80 information sessions, had 100 one-on-one meetings, and met with nearly 80 nonprofit and government officials. RC organizers have also worked in partnership with the IRS and the business school at Marquette University to educate tax preparers and local real estate developers about the incentives. These efforts have paid off. Since 2002 Milwaukee has made \$24 million in CRD allocations to support 24 redevelopment projects. Together, these projects have retained or attracted 550 jobs and have saved \$535,000 annually for two dozen local business owners.

"Milwaukee is proud to be one of only 40 communities in the country that received the designation as a Renewal Community," says Mayor Tom Barrett. "Through our outreach efforts, we have encouraged businesses of all sizes to take advantage of some great incentives that are exclusively

available to business located in this targeted area. The best result is that we have been able to encourage the retention and creation of jobs as well as investment in Milwaukee's distressed communities."

For more information about the Milwaukee RC, please contact Economic Development Specialist David Latona, city of Milwaukee, at **(414) 286-5682**.

Alabama Newspaper Takes Maximum Commercial Revitalization Deduction

Mobile, Alabama, RC

In June 2002 the *Mobile Register* completed construction of a new \$75 million facility in the northeast end of downtown Mobile. This accomplishment provides a new workspace for hundreds of newspaper employees, and also stands as a testament to how government and business can work together to reclaim struggling downtown areas.

The *Mobile Register* is one of many companies to receive Federal tax breaks for locating or expanding operations in the Mobile RC. After identifying a site within the RC boundaries, the *Mobile Register* applied for and received a \$10 million CRD allocation from the Mobile RC. The CRD allows the newspaper to deduct \$10 million in construction costs evenly over 10 years instead of the usual 39 years, which will save the newspaper thousands of dollars in taxes.

"These economic incentives are a big boost to our efforts to support Alabama businesses and create jobs in areas of poverty and high unemployment," said Don Siegelman, then-governor of Alabama, in a statement released by the Alabama Department of Economic and Community Affairs.

The new *Mobile Register* building and the renovated GM&O railroad terminal anchor more than 14 acres at the northeast end of Water Street, a formerly depressed part of downtown Mobile. The area, once an eyesore, now features lush green landscaping and beautiful buildings that offer passing motorists and local residents a glimpse of Mobile's past and future.

The new facility is a big hit with both employees and local residents. In fact, at the facility's grand opening on July 4th, 2002, which also marked the city of Mobile's tricentennial, more than 8,000 people toured the new *Mobile Register* buildings.

For more information on the programs of the Mobile RC, please contact Diane Burnett of the South Alabama Regional Planning Commission at **(251) 433-6541**.

RC Designation Sparks Development and Agency Coordination in New Orleans

New Orleans, Louisiana, RC

The New Orleans RC is more than just an incentive-based program for business development. It is a valuable resource linking citizens, entrepreneurs, and more than 600 area businesses with government and community-based services that can reinvigorate neighborhoods and provide job opportunities for residents.

Since receiving its RC designation in January 2002, the New Orleans RC has seen consistent growth in both awareness of the RC program and use of the tax incentives. New Orleans RC staff have used direct mailings and monthly workshops to educate local businesses about the RC tax incentives. Local economic development agencies have taken their show on the road, featuring the RC

incentives in presentations to major manufacturers and businesses throughout the country. These national marketing efforts have included large conferences as well as private meetings.

The city of New Orleans has also contributed to the RC awareness campaign. To promote the broader use of RC tax incentives, the New Orleans Finance Department has offered an amnesty program for businesses operating without appropriate occupational licenses. The city will help these businesses obtain their licenses and will not penalize them for being unlicensed. City officials hope that this effort will increase the number of businesses able to take advantage of the tax incentives.

The *Carrollton Shopping Center* has been a major beneficiary of RC tax incentives. The owners of the shopping center received a CRD allocation in 2003, allowing them to deduct \$5.7 million in construction costs over just 10 years instead of the normal 39 years and save thousands of dollars in taxes. The project created 75 new jobs and the owners were able to construct 7 new stores at the location. In addition, the shopping center is triggering new development: two other projects are underway nearby that will not only add businesses and jobs to the area, but also bring much-needed services and opportunities to the area.

For more information on the New Orleans RC, contact Regional Director Rodney Littleton, New Orleans Mayor's Office of Economic Development, at **(504) 636-0343** or rlittleton@mayorofno.com.

Encouraging a Business To Stay—and Expand

Niagara Falls, New York, RC

ParMed Pharmaceuticals was considering relocating from its site in Niagara Falls until the city stepped in and used tax credits and other incentives to convince ParMed not

only to stay, but also to increase its operation. At the time, ParMed employed 85 local employees and relocation would have been a significant loss to the local economy.

A 2-acre parcel of land adjacent to ParMed had been declared a brownfields site. The parcel was a wasteland of construction and demolition debris and had historically been used for industrial purposes. The owners, the Niagara Falls Urban Renewal Agency, remediated the site through its Brownfield Development Pilot Program and then sold it to ParMed. Since the parcel is located in a New York State Empire Zone, ParMed was able to access New York State tax credits and incentives, including RC employment credits and an RC CRD allocation. The cleanup and sale of the parcel, along with the additional financial benefits gave ParMed enough confidence to stay in Niagara Falls and to expand operations. Robert Vaccaro, director of finance for ParMed, said, “We are happy to increase our operations in the city of Niagara Falls Renewal Community and benefit from RC incentives.”

ParMed Pharmaceuticals is now constructing a 20,000-square-foot warehouse on the remediated site at a cost of \$1.5 million. So far the expansion has created five new jobs. Niagara Falls has benefited from the entire process: a brownfield site has been remediated, existing jobs have been retained, and new development has meant more jobs and an increased tax base.

For more information on the programs of the Niagara Falls RC, please contact Niagara Falls city Economic Development Specialist, Tom Tedesco, at **(716) 286-8834** or visit the city’s Web site at **www.nfez.org**.

Louisiana Manufacturing Company Gets Big Boost From RC Incentives

Ouachita Parish, Louisiana, RC

Garrett Manufacturing, LLC, operating under the trade name *Luv-n-Care*, is a locally owned manufacturing company most widely known for producing baby products sold through Sam’s, Wal-Mart, and Disney stores, and exported internationally.

The company received a \$3,681,125 CRD allocation in 2002 from the Ouachita Parish RC to build a new 318,000-square-foot manufacturing facility to support the increasing domestic and international demand for its products. The CRD, which allows Garrett to deduct construction costs in the amount of the CRD allocation over just 10 years instead of the typical 39 years, amounts to huge annual savings for the company.

Garrett was able to move its entire shipping operations to the new facility. The centralized location has enabled the company to streamline the shipping process and improve inventory control. The company was also able to replace older equipment in the facility with newer, safer, and more efficient equipment. This increased capacity made it possible for Luv-n-Care to bring in a substantial amount of new business in late 2003 and early 2004.

Luv-n-Care was able to hire 18 new employees, partly due to RC employment credits and the increased cash flow from the CRD accelerated depreciation. Currently 55 percent of its employees are RC residents. Company owner Joseph Hakim is pleased, stating, “The combination of the job credits and the accelerated depreciation programs have positively impacted our business. The RC program will be a prominent part of our hiring decisions. This has been an opportunity that has allowed everyone to win.”

For more information on the programs of the Ouachita Parish RC, please contact RC Specialist Liz Pierre at **(318) 387-0787**.

Much-Needed Medical Clinic Brings Care and Jobs to Rural Area

Parlier, California, RC

Residents of Parlier will soon have access to the kinds of basic medical care that most Americans take for granted. Residents currently have to travel to surrounding cities for basic services such as filling a prescription or seeing a dentist. There is no specialty care such as obstetrics, gynecology, neonatal care, neurology, or physical therapy.

The city of Parlier has worked hard to change this. Parlier has an RC and the city has succeeded in attracting a full-service medical clinic to the city with the promise of RC benefits. The clinic will have an onsite pharmacy and will offer an array of specialty medical services, even for those unable to pay. The city has facilitated the purchase of a 3-acre site for the clinic and will expedite the permitting process for clinic construction. The project breaks ground this summer.

The cost of building a 35,000-square-foot facility with state-of-the-art medical equipment for each specialty is prohibitively expensive. In this case, the availability of the RC Commercial Revitalization Deduction benefits was a deciding factor in opening the clinic. The clinic will employ 100 people and doctors have already begun training 15 Parlier residents for permanent employment. City Manager Al Puente said, "This is the way economic development is supposed to occur. A business is attracted to an area and trains area residents to work there."

Lou Martinez, director of economic development and administrator of the city's RC, stated that the clinic is a key step in providing needed services to residents and attracting other companies to the area. A portion of the clinic will be dedicated to medical research and Martinez believes that the clinic has become the catalyst for more biotechnology investment in Parlier. The city is planning for a 300-acre biotechnology park and has letters of intent from six firms interested in relocating there.

For more information on the programs of the Parlier RC, please contact Director of Economic Development Lou Martinez at **(559) 646-3545**.

The Philadelphia Story: Targeted Marketing Works

Philadelphia, Pennsylvania, RC

During the last half of the 19th century and the first half of the 20th, Philadelphia was known as the "workshop of the world." Home to Baldwin Locomotive, Stetson Hats, Disston Saws, and many other industrial firms, Philadelphia truly was the industrial heartland of the country. Unfortunately, during the past 60 years, Philadelphia has suffered a steady erosion of manufacturing jobs and the shuttering of many of the factories that housed them.

The Philadelphia RC encompasses much of the old industrial heart of the city. The Philadelphia RC office recognized early that it needed to market benefits in key areas where industry sectors still flourished or where new sectors were rising from the ashes of the old. Staff developed a targeted marketing strategy that included Allegheny West and East Falls and large adjacent communities in

North Philadelphia with still-viable commercial and industrial corridors. These two areas also have potential resources that can leverage RC benefits: a large number of Keystone Opportunity Zones, which are free from most State and local taxes; active community-based organizations; and municipal support. These additional resources greatly expand the financial and organizational tools that, when coupled with RC benefits, have made good deals better and marginal deals possible. Below are just a few of many Philadelphia RC success stories.

Sherman Properties/Mills II is engaged in a long-term project to rehabilitate the former Dobson Mills in East Falls into a 250,000-square-foot mixed-use development. The Mills II received a \$784,375 CRD allocation in 2002.

Hackman Dental Labs is a cutting edge, full-service dental laboratory that needed to relocate from downtown Philadelphia. The laboratory was courted intensely by office parks outside the city but eventually purchased a long vacant and dilapidated building two blocks north from the Mills II. Co-owner Bobbi Quinn said, “The CRD benefit allowed us to renovate the building, meet our bottom line, and was the final piece of the puzzle for us.” Hackman Labs received a CRD award of \$214,500 and is on target to hire three RC residents to fill out its expanding workforce.

S. Zitner’s Co. makes a wide range of chocolate candies. Chris Murphy, Zitner’s owner, hires mostly people who live near the plant and walk to work. Murphy states, “The RC wage credit is perfect. We have many seasonal workers, both men and women, and we’re able to claim a large number of them. Over the past 2 years we’ve been able to claim more than \$100,000 in RC wage credits.”

For more information on the programs of the Philadelphia RC, please contact RC Senior Manager, Jim Flaherty at **(215) 683-2126**.

Rochester Projects Moving Forward

Rochester, New York, RC

Perseverance pays off. The city of Rochester had sent numerous mailings to a company called *BSV Metal Finishers* about the RC tax incentives available to the company. Then a city staffperson spoke to the owner personally about RC benefits and showed him how to check on his eligibility for RC wage credits using HUD’s Address Locator. The owner discovered that he was eligible to claim RC wage tax credits for 28 of his 32 employees. BSV is now taking full advantage of the benefits and appreciates the good advice from the city.

John Billone, Jr., runs *Flower City Management*, a family-owned company, and has more than 30 years of experience developing real estate in Rochester. With the help of a \$5 million CRD allocation in September 2003 and another allocation in 2004, the family is working on an ambitious project: taking a rundown motor lodge at a prominent location in Rochester and turning it into a showpiece building with 20,000 square feet of mixed-use commercial space and 18,000 feet of residential units. It is anticipated that the previously abandoned location will become a vibrant part of the community. In addition to providing permanent jobs for some Rochester citizens, it will also create temporary positions for about 250 local construction workers.

Without the RC contribution, the Billone family was unlikely to have taken on this project. According to Flower City Management President John Billone Jr., “The RC benefit provided the thumbs-up answer our family

needed to make the commitment to proceed with the project.”

In another successful Rochester rehabilitation project, a *Popeye's Famous Fried Chicken* franchise in the RC was in need of extensive rehabilitation and received a 2003 CRD allocation of \$237,691. The owner, Northeast Fast Foods, would probably not have been able to afford the necessary work without that assistance.

For more information on the programs of the Rochester RC, please contact Fashun Ku of the RC at **(585) 428-6808**.

Breathing New Life Into Old Neighborhoods

San Diego, California, RC

“It’s a huge success in our community,” said Karen Whitehead of Golden Hill when asked about a building in her community that was gutted and restored with the help of CRD allocations. The building now houses Krakatoa, a trendy neighborhood coffee house. She continued by saying, “The *Krakatoa Coffee House* is the latest example of property owners making investments in their properties here in Golden Hill to make the area more attractive and to create a more family feeling in the neighborhood.” The owner-developer of the property applied for and received a \$113,700 CRD allocation for the coffeehouse, which helped create six jobs, three of which are held by RC residents.

In January 2002 HUD granted an RC designation to an area of San Diego that had been suffering from high poverty, unemployment, crime, and other problems. Businesses in the San Diego RC are eligible to apply for a share of \$12 million in CRD allocations each year through 2009.

The RC status has helped spur investment. The renovation of the Pepitone building is a good example. This historically significant building in the downtown Gaslamp Quarter was dilapidated and in need of extensive renovation in order to be used again. A \$4.9 million CRD allocation resulted in a beautifully rehabilitated structure in older downtown San Diego that will create 100 jobs, about 50 of which will go to RC residents. “This rehabilitation not only substantially restores a historic building, it also adds critical housing, restaurant, and office spaces to a revitalizing downtown arena,” said Jim Schneider, spokesman for the project.

Another Gaslamp Quarter project got underway with the help of a sizeable CRD allocation. *Borders Books and Music Store* constructed a large store on a long-vacant corner in the Gaslamp Quarter. The company invested \$7.8 million in the project, which created 350 full-time and part-time jobs, about 280 of which are for RC residents. “I used to work in a fast food restaurant without benefits. Now I work at Borders, make more than minimum wage and have health benefits for me and my family,” said Betty Washington, a Borders Books and Music Store employee.

For more information on the programs of the San Diego RC, please contact RC Manager Ples Felix at **(619) 533-5442**.

Childcare and Chow Now, Just Steps From Home

San Francisco, California, RC

Long underserved by retail and grocery outlets, residents in San Francisco’s South of Market neighborhood now can purchase fresh meat and produce close to home. *The Harvest Urban Market & Childcare Center Project*, at Eighth and Howard Streets, is a mixed-use development that includes

affordable housing for 74 families and 88 individuals.

The project is the result of a collaborative effort between the Citizens Housing Corporation and the Tenderloin Neighborhood Development Corporation. The two groups secured a \$4.6 million loan from the San Francisco Redevelopment Agency (SFRA) to purchase the land. They then sold the land to the SFRA. In order to retain air rights to the property, the two nonprofits took back loans on the housing parcels from the SFRA and obtained private funding from Citibank for development of commercial space. The city of San Francisco kicked in an additional \$22 million in loans and bond financing.

The two groups also worked closely with the Mayor's office of housing to build the onsite childcare center and to identify local tenants for 6,000 square feet of commercial space. The 2,500-square-foot childcare facility serves both residents and community members. The commercial space accommodates afterschool programs, vocational training, educational workshops, computer labs, and other services.

The Harvest Urban Market is an 11,000-square-foot store that sits on the ground floor of the affordable housing development. It owes its existence to the efforts of Urban Solutions, a San Francisco-based neighborhood economic development organization; Mayor Gavin Newsom; and the Mayor's Office of Community Development.

The store's owner, Gilles Desaulniers, is excited about bringing healthy food choices to the neighborhood. In addition to fresh meat and produce, the market offers a variety of healthy, prepared meals that can be eaten onsite. Desaulniers predicts that his store will create at least 45 jobs, many of which will be filled by RC residents. With a single RC employment credit worth \$1,500, he expects to claim thousands of dollars each year through 2009.

The Harvest Urban Market plans to take advantage of the RC Commercial Revitalization Deduction by depreciating its \$1.2 million capital investment over 10 years instead of the traditional 39 years. The market also received \$755,000 in bank financing and a \$150,000 loan from the Mayor's office of community development.

For more information on the programs of the San Francisco RC, contact RC Program Director Albert Lerma at **(415) 252-3134**.

Tacoma RC Maximizes Use of Commercial Revitalization Deduction

Tacoma, Washington, RC

Just a year into its RC designation, the Tacoma, Washington, RC had received requests for more than double the amount of tax relief available. Applications for CRD allocations exceeded \$26 million. This deduction, limited to a combined total of \$12 million each year for projects in the RC, saves property owners thousands of dollars annually by allowing them to use a rapidly accelerated depreciation schedule.

Tacoma was the only community in Puget Sound—and one of only 28 urban communities around the country—to receive a HUD RC designation in 2002. The State of Washington, following the recommendation of the Tacoma RC, awarded CRD allocations to five firms:

- Albers Mill building (*Albers Mill LLC*), \$3.9 million.
- Courtyard Marriott Hotel (*Hollander Investments*, Tacoma Hospitality LLC), \$3.2 million.
- Rainier Pacific Bank Building (*Rainier Pacific Bank*), \$3.1 million.

- Ted Brown Music Building (*Broadway Center Investors LLC*), \$1.3 million.
- Fraternity Hall (*Roberson Building Co.*), \$0.5 million.

Each of the projects will benefit from a reduced Federal tax bill. The RC's ability to provide financial relief early in a project, when a large number of expenses are incurred, is a distinct advantage. Albers Mill LLC, for example, will be able to deduct its \$3.9 million in construction costs evenly over just 10 years instead of the normal 39 years. This will yield thousands of dollars in annual tax savings for the company.

In addition to the CRD allocation, a business in the Tacoma RC can take advantage of RC employment tax credits, Increased IRS Section 179 Tax Deductions, and zero-percent capital gains when it sells property after holding it for at least 5 years.

The RC covers most of Tacoma's downtown core, the port area, upper Tacoma, and a portion of the city's east side. The RC designation replaces Tacoma's former HUD Enterprise Community designation.

For more information on the programs of the Tacoma RC, contact Shari Hart of the Tacoma Economic Development Department at **(253) 591-5208**.

RC Tax Incentives Yield Big Savings for Turtle Mountain Businesses

Turtle Mountain Band of Chippewa, RC

Ten miles south of the Canadian border in rural North Dakota, one of the newest RC designations is providing much-needed support to businesses and reinvigorating industrial

recruitment efforts in this tribal community. A critical component of the Turtle Mountain Chippewa Tribe's overall economic development strategy, the RC designation has helped expand the horizons of both local business owners and the tribal government.

Tribal member Ken Davis is aggressively pursuing several potential ventures now that his current business, LaDots Convenience Store, is reaping the benefits of RC tax incentives. In 2002 LaDots, Inc., received an \$81,000 CRD allocation, and in 2003 it claimed \$48,000 in RC wage credits and \$72,000 in Increased IRS Section 179 Deductions.

"Because of the tax savings achieved through the RC designation, I was able to give several employees raises and substantially improve their benefits packages," said Davis. In addition to helping his staff, Davis hopes to improve retail options for those living on the reservation by constructing a 10,000-square-foot building that will provide hardware services. Turtle Mountain currently lacks a hardware store.

The RC designation has motivated the Turtle Mountain Chippewa tribal government to identify and recruit new companies and industries. Since January 2004 Turtle Mountain RC staff members have marketed the tax incentives aggressively to businesses. RC staffers also have attended trade fairs and business gatherings in Belcourt and Grand Forks, North Dakota, and in Las Vegas, Los Angeles, and Washington, D.C. The RC made more than 260 business contacts and several businesses are considering Turtle Mountain as a future site for investment.

For more information on the programs of the Turtle Mountain Band of Chippewa RC, contact Chief Executive Officer Lyman J. Bercier at **(701) 477-2688**.

RC Tax Incentives Boost Local Hunting Company

West-Central Mississippi, RC

RC tax incentives have allowed one Mississippi business to streamline its flow of operations and expand its employment base.

Primos, Inc., is a small family-owned company located in the heart of the West-Central Mississippi RC. The company was started by Will Primos in 1976 when he started selling homemade hunting calls to local hunters. By 1979 Primos had to hire several people to assist him in making the calls to keep up with the national demand, and Primos Hunting Calls was born.

Primos Hunting Calls has more than 150 employees and manufactures around 300 products, which include calls, videos, clothing, and accessories for hunting turkey, elk, waterfowl, deer, and predators. The company currently holds 14 patents and numerous trademarks.

In 2002 Primos received a \$2.5 million CRD allocation for the construction of its new 54,000-square-foot facility in Flora, Mississippi, thanks to the RC program. According to Will Primos, the new facility has allowed the company to streamline the flow of operations and expand its employment base.

The CRD allocation provides Primos the opportunity to greatly accelerate the rate at which the company depreciates the cost associated with constructing the new facility. Each State with an RC designation is allowed to allocate \$12 million in deductions to businesses that construct new facilities or substantially rehabilitate existing facilities for each year of the RC designation. Once a business receives a CRD allocation, it must decide how to deduct the allocated amount based on two options. A business may choose to deduct half of the allocated amount for qualified expenses in

the year the building is placed in service with the remaining amount depreciated over the standard 39 years or it may elect to deduct the full allocated amount over a 10-year period. Since receiving the allocation, Primos has elected to receive its benefits over the next 10 years.

Primos also has been able to avail itself of the wage credits that are offered through the RC program. Wage credits allow businesses to deduct up to \$1,500 per year for each employee who lives and works in the RC. In 2002 Primos employed 157 employees. After determining each employee's physical address using HUD's address locator at www.hud.gov/crlocator, Primos learned that 90 of the company's employees live in the RC. For each year of the RC designation through 2009, Primos will be eligible for a wage tax credit up to \$1,500 for each employee who lives in the RC.

The West-Central Mississippi RC includes portions of 13 counties and 30 municipalities located in central Mississippi, and Primos is only one of thousands of businesses in Mississippi that has received immediate tax relief due to the benefits of the RC program.

For more information on the programs of the West-Central Mississippi Rural RC, contact Bruce Reynolds of the Central Mississippi Planning and Development District at **(601) 981-1511**.

RC Tax Incentives Pay Dividends for Youngstown Manufacturing Company

Youngstown, Ohio, RC

Having expanded operations four times in the 1990s, Fireline, Inc., was once again poised for growth. Expansion, however, had strained the company's cash flow and jeopardized the firm's

ability to invest in a much-needed research and development program. Using tools available as a result of its RC designation, Youngstown, Ohio, was able to help this progressive company move forward.

Fireline, Inc., manufactures high-performance ceramic shapes used in a variety of molten metal applications. It is the preeminent supplier of melting liners and accessory shapes for the aerospace market of the investment casting industry. During the past decade, the company grew at an average annual rate of 10 percent. Such growth allowed it to expand its Andrews Avenue facility four different times. Fireline's growth, due largely to continuous efforts to improve product quality, came at a time when the aerospace industry was flagging.

In an effort to invest in the future, Fireline turned its attention recently to a new and innovative product line. In 2002 it formed a wholly owned subsidiary to develop new products and market them under the trademark TCON. The company has been working closely with the Engineering and Technology Department of Youngstown State University and has two engineering students learning and working on the TCON project.

A CRD allocation—worth nearly \$800,000 over 10 years, as opposed to the standard 39 years—gave Fireline the cash flow necessary to begin investing in a research and development process and to design a pilot operation.

"The growth attained by Fireline is directly attributed to our continual investment in new products and new technology as well as our dedication to quality and customer service, and our willingness to invest in process equipment," said company founder Roger Jones. "This help from the city gave us the opportunity to invest in our future. We project near-term, TCON product revenues of \$1.5 million, creating 12 new jobs."

In business for more than 37 years, Fireline started in a garage shop with just 2 employees. Today, the company boasts more than 70 employees with annual revenues approaching \$9 million. "Fireline is a great example of a homegrown company that is respected among its peers and also is an excellent corporate citizen," said Dave Bozanich, city finance director, who worked with the company during the expansion.

"As the now-defunct steel industry was the bastion that allowed the city of Youngstown to rise to economic prominence at the turn of the 20th century, companies like Fireline are what will return a level of economic vibrancy to the community now and for the future," said Community Development Agency Director Jay Williams. "We hope to employ additional Renewal Community incentives to help us accomplish that."

For more information on the programs of the Youngstown RC, contact Jay Williams at **(330) 744-0854**.

Bond Financing

Tax-exempt bond financing is a tax incentive that increases a business' cash flow because it allows businesses to receive low-interest loans. A State or local government can issue a bond and sell it to investors. The State or local government then uses the money it receives from investors to make a loan to the business. Investors will accept a lower interest rate on the bond from the State or local government because they do not have to pay income tax on the interest income. The lower interest rate is then passed along to the businesses.

Enterprise Zone facility bonds are issued in EZs to help fund development projects. EZs with a population of least 100,000 have access to as much as \$230 million in bonds, with a maximum of \$130 million available for smaller EZs. Since 1995 State and local governments have issued more than 40 different series of tax-exempt bonds with an aggregate issue price of approximately \$450 million to benefit businesses operating in EZs and ECs and in the District of Columbia Enterprise Zone.

Qualified zone academy bonds (QZABs) are also available in EZs. Schools use these bonds to receive no-interest loans to make repairs, purchase equipment, and support teacher training. State or local governments issue the QZABs, which are held by banks that make loans to the schools. The banks receive tax credits from the Federal Government in lieu of interest. This program requires a contribution from a business of at least 10 percent of the value of the bond. Because QZABs are also available in all areas in which at least 35 percent of students are eligible for free or reduced-price lunches, most schools in RCs are also eligible.

If you would like additional information on any of the success stories on tax-exempt bond financing in this section, please consider calling the RC or EZ directly using the contact

information that appears at the end of each story. In addition, to determine if a business is located in one of the RC/EZs and may be eligible for tax-exempt bond financing, please visit **HUD's RC/EZ Address Locator** at www.hud.gov/crlocator.

EZ Bonds Fund Major Development Projects in Boston

Boston, Massachusetts, EZ

What do a *Best Western Hotel*, a *Hampton Inn and Suites*, a large seafood distributor, a third-generation produce wholesaler, and a new 15,000-square-foot urban retail complex have in common? All have used bonds to strengthen enterprise and bring jobs to the city of Boston.

In just its first 3 years, the Boston EZ used its designation and financial savvy to obtain and award a combined \$61.4 million in bond financing. Boston's EZ is a large (5.8 square miles) and diverse area, encompassing nearly 60,000 residents within the communities of Downtown, Seaport District, Chinatown, Dorchester, Jamaica Plain, Mission Hill, Roxbury, South Boston, and South End.

In early 2001 the Best Western Roundhouse Suites Hotel in Boston's South End became the first hotel to open in a Northeastern EZ. Located in a long-vacant historic structure, the hotel has been a catalyst for the revitalization of this section of the EZ. The \$10 million Best Western utilized \$8 million in EZ bonds, providing approximately 24 full-time jobs, most of which are held by city residents. Drawing many workers from the EZ itself, Best Western was able to claim approximately \$20,000 in EZ Employment Wage Credits in 2001.

The \$140-million Crosstown Center, a retail, office, and hotel complex located at a central

intersection in the Roxbury neighborhood, received \$43.42 million in EZ bonds in 2002. These funds support Phase I, including a 190-room Hampton Inn and Suites, more than 15,000 square feet of ground-level retail space, and a parking structure. Phase II includes offices and additional parking. When complete, the Crosstown Center will anchor as many as 1,500 permanent jobs. It is expected that EZ residents will hold many of these jobs.

Pilot Seafood Distribution opened in the Seaport District in April 2000. This 65,000-square-foot seafood processing, packaging, and distribution center helps to support Boston's \$650 million seafood industry. The project used \$10 million in EZ bonds, all of which were guaranteed by the Commonwealth of Massachusetts' Port Authority.

Using \$2.8 million in EZ bonds, Katsiroubas Brothers, a third-generation Boston produce wholesaler, renovated the company's 10,550-square-foot building to meet Federal Hazard Analysis and Critical Control Point (HACPP) regulations regarding food processing and handling. The work included adding 16,800 square feet and 7 new loading docks, combining facilities, installing additional freezer space, and creating a value-added preparation area. Thanks to the upgraded facilities, the company has been able to recapture sales to hotels and achieve the best HACCP and USDA ratings possible. Started in 1916, Katsiroubas Brothers is one of the largest produce companies in Boston with 27 trucks and more than \$22 million in sales. More than 16 percent of the workforce comes from work release and halfway house programs.

Collaboration with Boston's Industrial Development Financing Authority helped facilitate these transactions.

For more information on the programs of the Boston EZ, please call Shirley Carrington, Boston Connects, Inc., which administers the Boston EZ, at **(617) 541-2670**, or visit the EZ's Web site at **www.bostonez.org**.

EZ Bonds Help Chicago West Side Plant Expand

Chicago, Illinois, EZ

Gardner-Gibson Chicago, Inc., in Chicago's West Side EZ, is expanding with \$6 million in EZ Facility Bonds.

Manufacturer of Roof Tite, Sta-Cool, Shur-Stik, Black Jack, and other roofing and paving products, Gardner was founded in 1945 and has been operating in Chicago since 1981. Gardner is using the EZ Facility Bonds, authorized in 2002, to acquire adjacent land, expand and renovate its existing plant, and purchase new equipment.

Gardner's Chicago plant formerly employed 29 workers full-time. With the expansion, the company hired 17 new workers as of mid-2004, all residents of the Chicago EZ, and expects to add another 17 workers by mid-2005. Hourly positions such as office, clerical workers, operators, and laborers have a starting salary range of \$7.50 to \$11.00 per hour. Salaried positions such as managers start at \$35,000 per year.

Gardner is one of the largest manufacturers of do-it-yourself products for homeowners and professional-grade roof and driveway products in the United States. Its distribution network includes 17 manufacturing and warehousing facilities across the country, and it employs approximately 500 people.

For more information on the programs of the Chicago EZ, please contact Managing Deputy Director Jarese Wilson at **(312) 744-7870**.

EZ Bonds Ice Development in Cumberland County

Cumberland County, New Jersey, EZ

A Cumberland Empowerment Zone Corporation (CEZC) partnership with the New Jersey Economic Development Authority (EDA) has put development in the area on ice via a skating facility that increases recreational opportunities in the area and indirectly promotes additional development.

To facilitate issuing tax-exempt EZ facility bonds, CEZC joined forces with New Jersey EDA, an active issuer of tax-exempt bonds for commercial and industrial projects over the course of several decades. The first tax-exempt bond financing, for approximately \$4.2 million, closed in January 2002 and financed the construction of a skating facility used for ice hockey, family outings, and other recreational purposes. The ice rink will be a prime location for hockey tournaments, and CEZC expects that nearby hotels and restaurants will indirectly benefit from the economic development project.

This project had its roots in a memorandum of understanding (MOU) signed by CEZC and New Jersey EDA in July 2001. The MOU outlined the procedure for referral and approval of bond issuance and detailed both the services that New Jersey EDA would perform in issuing the bonds and that CEZC would provide in monitoring compliance with the EZ business test, particularly with respect to meeting the EZ Facility Bond requirement that 35 percent of employees reside in the EZ. New Jersey EDA and CEZC also agreed on how to share the fees paid by the borrower to the EDA. New

Jersey EDA representatives then met with members of the local business community to make businesses aware of EZ facility bond financing, and CEZC agreed to provide compliance training to interested businesses. CEZC also developed a compliance reporting agreement to be executed by CEZC and a borrower, which includes a requirement that the borrower submit an annual reporting form.

Once this partnership was designed and in place, businesses could take advantage of the bond program. Since that time, in addition to the ice skating facility, two other businesses have used these services to take advantage of the tax-exempt financing available in the EZ.

One company, *Cumberland TruStone LP*, produces aerated autoclaved concrete block and panels for use as building materials. Using \$5.6 million in tax-exempt bond financing and a \$500,000 predevelopment loan from CEZC, Cumberland TruStone is in the process of constructing a 50,000-square-foot manufacturing facility. Company President Steve Gervasio said, "But for the predevelopment money that allowed us to put this project together and the tax-exempt bonds that provided a startup company with an instrument for long-term debt, we would not have been able to see this state-of-the-art project materialize."

Garden State Bulb Company LLC imports flower bulbs from Holland for distribution to customers throughout the United States and Canada. The company used \$2.4 million in tax-exempt bonds to construct a new 80,000-square-foot facility on approximately 12 acres. It also is taking full advantage of EZ wage credits. Both businesses are located in the Vineland developable site within the EZ.

CEZC and the Cumberland County Office of Employment and Training (CCOET) are helping these businesses meet their 35-percent resident employee requirement. CEZC has

funded an initiative that expands the county transportation system so that residents can get from the EZ census tracts to the EZ developable sites, eliminating a barrier that prevented employers from hiring EZ residents.

The Cumberland County EZ, a multijurisdictional EZ, resulted from the combined efforts of the Bridgeton, Millville, Vineland, and Commercial township governments. CEZC administers and works in partnership with CCOET to develop the EZ.

For more information on the Cumberland County EZ, contact Executive Director Sandra Forosisky at **(856) 459-1700**.

Wage Credits, EZ Bonds Capture Interest of DC Zone Businesses

District of Columbia, Enterprise Zone

In 1998 Congress authorized a special Enterprise Zone designation for the District of Columbia to help spur capital investment in the Nation's Capital. Since that time two incentives have captured the interest of businesses: the \$3,000 employment tax credit and the authority to issue Enterprise Zone facility bonds of up to \$15 million per project. How have these credits served the city? The numbers tell a powerful story. Survey results reveal that EZ incentives have helped thousands of large and small employers including retailers; residential and commercial developers; and owners and operators of maintenance companies, hotels, and restaurants. Some examples follow:

- An accounting firm with 15 midsize clients documented total D.C. Zone employment tax credits of \$1 million for tax years 1998 through 2001.
- Nineteen firms involved in construction, janitorial, and other services have claimed total D.C. Zone employment tax credits of \$3.2 million since 1998.
- A District manufacturer cut its Federal taxes by \$390,000 and a hotel partnership claimed EZ wage credits of more than \$1.5 million during the same 3-year period.
- In 2001 one of the District's largest hotel operators reported D.C. Zone employment credits of more than \$1.1 million on wages of \$8.6 million, or an operating cost reduction of nearly 13 percent.
- The District has issued more than \$113 million in D.C. Zone facility bonds to attract and retain 12 District employers, including the International Spy Museum, Premium Distributors, CVS Pharmacy, the Newseum, the National Association of REALTORS®, and the United Planning Organization.

The three success stories that follow illustrate the value of the D.C. Zone tax incentives.

International Spy Museum

The District is home to the world's first museum dedicated to espionage, and the International Spy Museum has been key to revitalizing the historically rich F Street corridor. Because of its location in the Enterprise Zone, the Malrite Company, the project developer, financed the restaurant and museum portions of the project with \$15 million in tax-exempt Enterprise Zone facility bonds; the residential and office portions of the building were financed with developer equity. Using bond proceeds as opposed to conventional financing saved the Malrite Company an estimated \$3 million over the life of the bonds.

14th and Irving Ventures

The District issued approximately \$4.5 million in tax-exempt Enterprise Zone facility bonds to help finance new construction at 14th and Irving Streets, NW., by 14th and Irving Ventures, LLC. Bond proceeds refinanced the existing mortgage loan on the facility and financed constructing and equipping a CVS Pharmacy on the first floor and other new commercial space on the second floor. The project also involved new construction at the site, located in the Columbia Heights neighborhood on land acquired from the D.C. Redevelopment Land Agency. Construction at the two-story site started in July 1999 and ended in July 2000. This project served as the pioneer development in the renaissance of this formerly riot-torn neighborhood. CVS and other major retail development will create substantial employment opportunities for local residents.

National Association of REALTORS® D.C. Headquarters

The recently completed District headquarters of the National Association of REALTORS®, located at 500 New Jersey Avenue, NW., has been nominated for awards in four categories by the District of Columbia Building Industry Association. Located on the site of a former gas station, this new state-of-the-art building features double-curtain glass walls that make thermal heat dissipation possible, a recyclable water system, and a photovoltaic solar array that produces voltage when exposed to radiant energy on the roof. The U.S. Environmental Protection Agency declared the new structure one of the most environmentally green commercial buildings in the city and in the Nation.

This \$46 million project was financed with an owner's equity contribution of \$15 million in tax-exempt Enterprise Zone facility bonds and \$15 million in taxable bonds issued by the District of Columbia, both underwritten by

SunTrust Bank. The building's design elements, while visually attractive and environmentally friendly, also comply with the new national Leadership in Energy and Environmental Design (LEED) standards adopted by the U.S. building industry. LEED standards promote the voluntary construction of high-performance, sustainable buildings.

The 12-story triangular-shaped structure includes 90,000 square feet of office and retail space, a 66-car underground parking garage, and a rooftop terrace with dramatic views of the U.S. Capitol.

In addition to the District's proactive business climate, the success of the Enterprise Zone is attributable to the use of HUD's tax incentive marketing tools, especially the Dun & Bradstreet CD-ROM. This CD contains spreadsheets with a wealth of information on every business located in the area, including number of employees, business owner contact information, and year of incorporation. The Enterprise Zone used this data to organize industry-specific workshops and seminars targeted to businesses that meet different industry profiles.

For more information on the District of Columbia Enterprise Zone, contact Director Michael Hodge at **(202) 727-3770**.

Making Facility Bonds and Work Opportunity Tax Credits Work in the EZ

Huntington, West Virginia/Ironton, Ohio, EZ

Spanning two states, the Huntington, West Virginia/Ironton, Ohio, EZ has a unique challenge—dealing with two different State governments to make EZ tax incentives work.

From the beginning of its EZ designation, the bi-state EZ governance board decided to use tax-exempt bonds to encourage revitalization in the EZ. A company that had asked to meet with the board was expected to request a sizable portion of the EZ's total \$130 million bond allocation. Because Federal regulations do not establish limits for issuing bonds to individual projects, the Huntington/Ironton EZ Governing Board adopted its own regulations:

- Huntington and Ironton would have separate bond issuing authorities, the Huntington Municipal Development Authority and the Lawrence Economic Development Corporation.
- The board would review applications for bond financing, and no bonds could be issued without the prior approval of the board.
- No single project could receive a bond allocation of more than \$25 million without two-thirds approval from the board.

In January 2002 the EZ governance board approved a resolution to issue nearly \$10 million in tax-exempt bonds to help finance an **urban town center**—a mixed-use development of integrated retail, entertainment, office, and residential uses—that was easily accessible to Huntington and Ironton residents.

The town center developers met with the governance board to discuss structuring the project to qualify as an EZ business with 35 percent of its employees living in the EZ. The meeting also focused on attracting retailers that could utilize the EZ's tax-exempt bond financing for leasehold improvements and equipment. The governance board staff provided information on EZ wage credits, which would provide strong incentives to companies interested in leasing space in the town center.

The customer service distribution operations of Amazon.com was attracted to the EZ because the area has a large college population interested in working part-time. Therefore, the EZ staff focused on the marketing the WOTC that would be available if the company moves into the EZ and hires a substantial number of 18- to 24- year-olds.

As another incentive to this Internet company, the EZ provided a cash grant conditioned on the company's meeting specified hiring targets and paying wages at certain levels. The State of West Virginia funded a local university to enhance its business program with Web-based courses for its students. The company helped design the course curriculum.

For more information on these tax incentives and on the Huntington/Ironton EZ, call Executive Director Cathy Burns at **(304) 399-5454**.

EZ Bonds, Other Incentives Develop Los Angeles EZ

Los Angeles, California, EZ

Tax-exempt facility bonds help EZ businesses secure low-cost loans to finance property, buy equipment, and develop business sites within the EZ. A \$3-million, 25-year EZ Facility Bond awarded to *AAA Packing & Shipping* in 2000 enabled this Los Angeles company to create 60 new jobs in the EZ. The company manufactures wooden crates. "With our new facility, built with the aid of EZ bonds, we have been able to expand our business tremendously," said AAA President Julius Giannini.

Complementing the EZ facility bonds and other Federal tax benefits, Los Angeles offers additional incentives that attract businesses to the city's 19-square-mile EZ. Cliff Weiss, deputy director of the Industrial and

Commercial Development Division, describes two key incentives:

- The city reduces electricity rates for EZ businesses by 35 percent. “For a manufacturer that uses a lot of electricity, that’s obviously a huge benefit to their bottom line,” Weiss says.
- “We also waive the city business tax for new businesses that move into the EZ or existing businesses that expand within the zone. New businesses pay just \$25 per year for 5 years,” Weiss adds.

Los Angeles also plans to market the EZ bonds more aggressively. “We have less than 7 years to use \$230 million in EZ bonds, and it is money we want to get out on the street,” Weiss continued. “We are going to be doing some major outreach efforts to market our EZ bond products. We have held several seminars for business owners and developers to market EZ bonds and our other bond products.”

For more information on EZ programs in Los Angeles, contact Lupe Ortiz at **(213) 485-8161**. For more information on the city’s EZ bonds, contact Clarence Espinosa at **(213) 485-2412**.

Multimillion-Dollar Bond Project Develops Industrial Park EZ

Miami-Dade, Florida, EZ

In 2004 the Miami-Dade Empowerment Trust, which administers the Miami-Dade EZ, authorized issuing \$60 million in EZ facility bonds to help develop *Poinciana Park*, an \$111 million multipurpose commercial and residential community.

According to project developer Town Center Properties, Poinciana Park will contain 600,000 square feet of office, industrial,

and manufacturing space; 60,000 square feet of service and convenience retail; a parking garage for 1,700 cars; and onsite parking for 850 cars. A 40-unit apartment community will provide a high-density residential area within a commercial setting.

Poinciana Park’s master plan includes a biopharmaceutical facility, the new headquarters of MediVector Biopharmaceutical Centers, Inc. By locating in the EZ, this company facility will receive many tax benefits while creating employment and training opportunities and providing many other benefits to the community:

- **The Biopharmaceutical Career Training Institute.** The career institute will work with local colleges and universities to develop courses that provide the technical skills residents will need to qualify for biopharmaceutical jobs. The institute will teach researchers, technicians, and medical personnel to research, develop, and manufacture pharmaceuticals. Another initiative will bring local college and university students to Poinciana Park to use the research and manufacturing facilities and to receive training, including FDA-validated current Good Manufacturing Practices. The Institute expects that many of these students will move into jobs at MediVector’s EZ facility.
- **An outpatient clinic.** MediVector hopes to establish Clinics of Excellence that will provide the best available patient care, disciplined patient followup, and the best available medicines for patients from the surrounding communities.
- **Poinciana Research Clinic.** MediVector will also establish a state-of-the-art clinical research unit. This clinic will perform Phase I and II studies to fulfill a growing need of large pharmaceutical companies to make faster decisions, based on high-quality

data, about the economic potential of new drugs.

Designed to be a strong economic engine for the community, Poinciana Park will offer a unique combination of a suburban office/industrial park in an urban community. The MediVector Biopharmaceutical Center alone is expected to create 1,500 jobs for EZ residents. According to a MediVector representative, “The [bond] financing facilitated by the Empowerment Trust is going to make it possible for us to serve, and ultimately improve, the emerging South Florida pharmaceutical and biomedical market. In the long run we will be creating a technical, skilled workforce.”

For more information on programs in the Miami-Dade EZ, call EZ Director Andre Wallace at **(305) 372-7620**.

Academy Bonds Revitalize Schools in Philadelphia EZ

Philadelphia, Pennsylvania/ Camden, New Jersey, EZ

The Philadelphia school system knows that QZABs are effective in helping schools in EZs to raise cash for capital projects. In November 2000 the Commonwealth of Pennsylvania approved issuing \$22,985,000 in QZABs to renovate several existing school buildings and convert them as necessary for specific age ranges and abilities. About \$2 million of that has been earmarked for the purchase and installation of security equipment at the schools, and the rest is being spent on the renovation and conversion.

To meet the eligibility criteria for the QZAB program, 10 percent of the project costs had to come from the private sector. This goal was met: \$2,298,500 in contributions from private businesses was raised through the Children

Achieving Challenge Grant during 1999 and 2000. This created an important buy-in between the local business community and the school district.

Philadelphia had a second round of QZAB-funded school improvements in process during fall 2004. The \$19,335,700 bond issue will pay for two middle school conversions to high schools.

The QZAB program has proved a vital one for the Philadelphia School District and they believe that the program is a particularly important tool in EZ communities. In this day of tight budgets, QZABs have provided this school district with another method to meet the educational needs of its diverse student body.

For more information on the programs of the Philadelphia EZ, please contact Eva Gladstein at **(215) 686-0457**.

EZ Bonds Help Camden Play Ball

Philadelphia, Pennsylvania/ Camden, New Jersey, EZ

“It will be the Main Street of South Jersey—the place to go.” This forecast for the future of the Camden Waterfront comes from Tom Corcoran, head of Cooper’s Ferry Development Association (CFDA). CFDA is a Camden nonprofit development agency that—in the words of the *Courier Post*—“has guided the transformation of what was once a post-industrial hodgepodge into the most visible engine of the city’s renewal.”

Instrumental in this turnaround was the New Jersey Economic Development Authority’s 2002 issue of \$7 million in bond financing for Campbell’s Field, located on the waterfront in the Camden EZ. The EZ bonds were then sold to refinance an equal amount of loans issued by local banks for stadium

construction. The state development authority also made a \$2 million loan to CFDA Baseball Property, Inc., the baseball field development arm of Coopers Ferry Development Association. CFDA owned the stadium during the construction phase, turning ownership over on completion to Rutgers University.

“The EZ bonds were the crucial element in the overall financing package for the ballpark,” said Corcoran of the bond financing.

Camden’s new minor league baseball stadium opened May 11, 2001, to a record crowd of 7,192 fans. *Campbell’s Field* is the home of the RiverSharks, who play in the Independent Atlantic League, and is also the home field of the Rutgers Camden baseball team.

Campbell’s Field sits near the Ben Franklin Bridge that connects Camden and Philadelphia, giving rise to the two cities, one waterfront theme—a vision for turning the waterfront areas of the cities of Philadelphia and Camden, which face each other across the Delaware River, into a unified tourist attraction. The Battleship New Jersey Museum, the Tweeter Center (performances and sports), the Camden Children’s Garden (horticultural park), and the New Jersey State Aquarium are also located in the Camden Waterfront.

In 2001 *Camden Baseball LLC*, which owns the RiverSharks and operates the stadium, provided 8 permanent full-time and 210 seasonal part-time jobs for parking lot attendants, cashiers, ticket-takers, food vendors, and others. Full-time employment has fluctuated between 10 and 15 in subsequent years, with some part-time services being absorbed by vendors under contract, according to Managing Director Rick Cummings of the Camden EZ Corporation. Every year Camden Baseball LLC has met the critical IRS requirement for EZ bonds that 35 percent of the employees be EZ residents, he said.

In March 2004 new owners purchased the RiverSharks, easing debt problems that had emerged after the May 2003 death of former owner Steve Shilling.

For more information on the programs of the Camden EZ please contact Managing Director Rick Cummings, Camden EZ Corporation, at **(856) 365-0300**.

Bonds Provide Dough for Bakers to Expand Operations

Santa Ana, California, EZ

The scent of baking bread and cookies permeates the air in portion of Santa Ana, California, designated as a Federal EZ. Sourdough bread and animal crackers are the primary products of the first two businesses here to take advantage of EZ facility bonds.

Since January 1999, when HUD assigned EZ status to this 3.9 square-mile area, the city of Santa Ana has been able to issue up to \$130 million in tax-exempt, EZ facility bonds to qualified businesses. These businesses must substantially conduct their operations within the EZ and focus on hiring residents within the EZ’s boundaries. The EZ designation, coupled with local economic expansion and an increased workforce, led *Gold Coast Bakery* and *Stauffer Biscuit Company* to solicit financing to expand their production capabilities.

Gold Coast Baking Company, which specializes in sourdough bread, has effectively used State and Federal EZ hiring and sales tax incentives to acquire new equipment, increase its labor force, and spearhead an eightfold expansion of its facilities. With \$5 million from EZ facility bonds, Gold Coast enlarged its 2.48-acre plant and purchased new bread manufacturing lines. The company also has received \$33,000 annually in

Federal tax credits because 11 of its employees reside within the EZ. When it relocated to Santa Ana in 1993, Gold Coast had 25 employees. Today it has 145 workers.

Stauffer Biscuit Company, Inc., a 130-year-old Pennsylvania-based baking company famous for its “Original Animal Crackers” and other baked goods, chose Santa Ana as the site of its new West Coast facility, the Laguna Cookie Company. This food processing company constructed a 217,000-square-foot state-of-the-art facility in the Gateway Corporate Center and began operations in June 2001. Located in both the Federal and State EZs, the company used \$12 million in bond proceeds to finance the construction of its new building and the acquisition and installation of new equipment. Santa Ana’s diverse labor pool contributed to Stauffer’s decision to establish itself within the EZ. “The work ethic of the people we’ve encountered is superb,” said Carlous Sutton, the firm’s chief financial officer.

For more information on the programs of the Santa Ana EZ, call EZ Director Deborah Sanchez at **(714) 647-6548**.

Dual-State EZ Launches Hotel Development With Facility Bonds

St. Louis, Missouri/East St. Louis, Illinois, EZ

Looking to strengthen its central business district, the city of St. Louis, Missouri, expanded its convention center in the 1990s. Without sufficient hotel capacity, however, the city was unable to attract top conventions. A 1999 Round II EZ designation of the two-state metropolitan area provided new options for St. Louis and resulted in the largest EZ bond transaction in the Nation.

The city wanted to increase the number of conventions from about 30 each year to 50 or more, and to increase the number of hotel room bookings by two-thirds to 500,000 nights annually. A proposed renovation of two historic buildings, the Lennox and Statler Hotels, and construction of one new tower would advance the city’s goal by adding 1,071 rooms and 70,000 square feet of function space.

To help leverage \$265 million in convention center hotel development, the EZ provided \$95 million in tax-exempt bonds. Historic Restoration, Inc., the hotel developer, signed Texas-based Kimberly Clark as an equity partner and later brought in Solomon Smith Barney as the lead underwriter on the EZ bonds. Other major financial participants included the Missouri Department of Economic Development, the city of St. Louis, and local banks.

Marriott International will operate the hotels under its Renaissance Grand brand. Approximately 800 permanent full- and part-time jobs will be created, with 35 percent filled by EZ residents. With additional EZ funding, Marriott will replicate its successful Career Advancement Training program for entry-level workers, targeting EZ residents. This training focuses on promotional opportunities and career development within the hospitality industry.

The project has served as a catalyst for development throughout the downtown. Other hotel operators have added an additional 1,500 hotel rooms to downtown St. Louis since the convention hotel construction began. The Renaissance Grand has proven to be an anchor for successful commercial and residential development efforts throughout the Washington Avenue Loft District.

For more information on this successful tax incentives transaction and the programs of the St. Louis/East St. Louis EZ, call

Interim Executive Director Ann Robertson of the Greater St. Louis Regional EZ, at **(314) 241-0002**.

EZ Facility Bonds Redevelop San Antonio's Historic Downtown

San Antonio, Texas, EZ

The San Antonio EZ is working toward the issuance of \$40 million in EZ facility bonds for redevelopment of the *Alamo National Bank Building* and the *Aztec Theater*, two historic landmark properties in the heart of downtown. Years in the making, this joint redevelopment project is an important addition to downtown San Antonio and the River Walk, one of Texas' largest tourist attractions.

The Alamo National Bank Building, a highrise office building prominent in the downtown San Antonio skyline, will be converted into a 300-room Drury Plaza hotel, providing dining and retail opportunities along the banks of the River Walk. The Alamo National Bank Building redevelopment will also complete the now U-shaped River Walk pathway with an estimated \$1.5 million in offsite river improvements. This highly anticipated connection will join the River Walk end points, known to bring unwitting visitors to a dead end at the river's flood gates. This continuous loop will encourage more foot traffic through the many venues for shopping, entertainment, and dining along the river.

The Aztec Theater, once considered a masterpiece of architectural and technological design, was a draw for thousands at its opening in 1926. Closed in 1989, the theater was slated for demolition, but was shielded by the efforts of the San Antonio Conservation Society. The theater will be restored from its currently dilapidated facade to a Meso-American themed family attraction. It will offer three-dimensional laser shows, a guided tour, and a trip back to 1926 with an authentic silent movie experience that transforms into a feature film with a giant state-of-the-art IWERKS® Extreme Screen™ and sound system.

The EZ facility bond inducement for this development was made possible through a boundary expansion approved by HUD. This project was competing for EZ bond financing with a convention center hotel that positions San Antonio nationally as a convention destination. With an additional \$100 million allocated, the EZ was afforded the flexibility to move forward with all of the projects.

"San Antonio is characterized by its unique blend of history and progress," says Ramiro Cavazos, director of the economic development department. "This project is an exciting example of that business spirit in action."

For more information on the programs of the San Antonio EZ, contact EZ Manager Dianne Quaglia at **(210) 207-4014**, or visit the EZ Web site at **www.sanantonio.gov/edd/empowersa.asp**.

Capital Gains

The Community Renewal initiative also offers capital gains exclusions to businesses in RCs and EZs. If an EZ business holds an asset just a year, for example, it can avoid capital gains when selling the asset if it purchases another EZ asset within 60 days. The RCs also have a powerful capital gains exclusion for small businesses that sell property. This incentive allows the business owner to exclude 100 percent of the gain from taxation provided the owner purchases the property between 2002 and 2009, holds it for at least 5 years, and performs substantially all of his or her business in the RC during this period. In addition, RC residents must comprise at least 35 percent of the business' workforce.

Capital gain exclusions provide a longer term benefit to investors in an EZ or RC. Over the coming year, HUD's marketing efforts will continue to aggressively focus on the benefits of capital gains exclusions in order to assist potential investors in planning their tax savings strategies. Once the untapped investors learn of the opportunities that would be eligible for substantial Federal tax savings simply by electing to hold the qualified EZ or RC assets for a defined period of time, capital gains exclusions will be as popular as the other incentives available in the \$11 billion tax incentive package for EZ/RC businesses. Expectations are that as capital gains exclusions continue to be available to investors, there will be a number of stories featured in a future publication describing the ways in which businesses and investors have been able to successfully use them.

Wage Credits ★★★



The Loft Dance Club employs local Tacoma RC residents and saves thousands yearly in RC wage credits. (page 23)



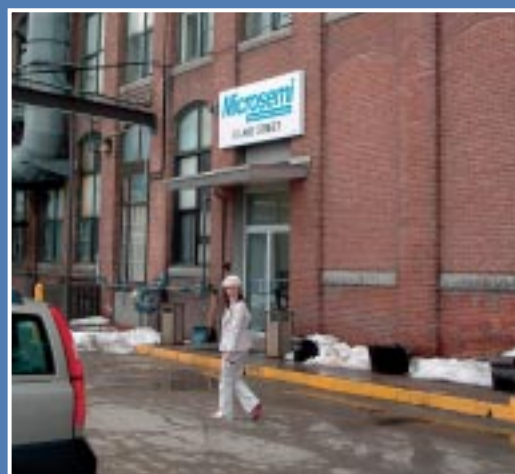
High End Products employs several Santa Ana EZ residents and claims EZ wage credits. (page 20)



American Apparel in Selma's Southern Alabama RC makes Army uniforms, employs hundreds of local residents, and saves thousands yearly due to RC wage credits. (page 21)



The Community Bakery in the Pulaski County EZ employs nearly 40 local residents in its EZ locations and saves thousands in EZ wage credits. (page 18)



Microsemi Corporation employs dozens of RC residents and claims savings from RC wage credits in the Lawrence RC. (page 14)

Deductions ★★★



Commercial Revitalization Deductions helped to finance a major renovation for the Krakatoa Coffee House and create 6 new jobs in the San Diego RC. (page 40)



The Hunt Phelan Home in the Memphis RC received a \$2.4 million CRD allocation to renovate a Civil War hospital that was once a school for newly freed slaves. (page 33)



Primos Hunting Calls hires dozens of local residents and took a \$2.5 million CRD allocation to build a local facility in the West-Central Mississippi RC. (page 43)



Popeyes Chicken in the Rochester RC received a CRD allocation to rehabilitate its restaurant. (page 39)



The Nelson Block redevelopment in downtown Burlington was driven by the RC's CRD savings. (page 26)

Bond Financing ★★★



The Boston EZ used tax-exempt EZ bonds to finance the Roundhouse Hotel. (page 45)



The National Association of Realtors® D.C. headquarters was financed partly by the District of Columbia Enterprise Zone through \$15 million in tax-exempt EZ bonds. (page 48)



A new Renaissance Grand Hotel, financed partly through \$95 million in EZ bonds, will create 800 new jobs in the St. Louis-East St. Louis EZ. (page 54)



This multipurpose ice skating facility was financed partly by the Cumberland County EZ through \$4.2 million in tax-exempt EX bonds. (page 47)



A favorite Washington, D.C., tourist attraction is the International Spy Museum, which was financed partly through a \$15 million Enterprise Facility Bond. (page 45)



San Antonio EZ facility bonds are helping to renovate the 80 year-old Aztec Theater in the heart of downtown. (page 55)



Spotlight on Results

SECTION 2

Businesses Advancing With Financial and Technical Assistance

Each of the 30 urban Empowerment Zones (EZs) has a strategic plan to guide its community revitalization. One of the four key principles of each EZ strategic plan is economic opportunity. Each EZ facilitates economic opportunity in part by providing local entrepreneurs with technical assistance and greater access to capital and credit so they can expand and create job opportunities for local residents.

An important goal of every Renewal Community (RC) is to provide financial and technical assistance to local businesses. Each of the 40 RCs has a tax incentive utilization plan (TIUP) that describes how the State and local governments will work with private firms, neighborhood organizations, and community groups to assist businesses within the RCs. Each TIUP also discusses how the RC will implement a set of economic growth promotion efforts to benefit local businesses.

Each year the RCs and EZs submit annual reports to HUD that reveal substantial successes in assisting local businesses. These reports show that the EZs have helped to provide financial assistance to more than 3,100 businesses and technical assistance to more than 24,000 businesses since 1994. The EZs have been able to use Federal funds to leverage more than \$1.6 billion in loan funds, which they have used to provide loans to nearly 18,000 local businesses.

The RCs receive no Federal grants to provide assistance to local businesses, yet the annual reports from the RCs are filled with information on how they work with partners to assist

local entrepreneurs. The Burlington, Vermont, RC annual report, for example, describes how the city of Burlington repealed its personal property tax for microbusinesses and streamlined its local permitting process by instituting multidepartmental review.

The Camden, New Jersey, RC annual report indicates that the New Jersey Municipal Rehabilitation and Economic Recovery Act provides a \$2,500 wage credit on the corporation business tax for businesses that expand or open in the RC and other parts of Camden. The Charleston, South Carolina, RC annual report explains how the city of Charleston created the Charleston Digital Corridor to attract small and medium-sized knowledge-based enterprises to the RC and surrounding neighborhoods.

This section of the publication showcases successes of the RCs and EZs in providing vital technical and financial assistance to local businesses. We know that you will enjoy reading these success stories and we hope that your community chooses to emulate some of these successes. If you would like additional information on any of the stories in this section, please call the RC or EZ directly using the contact information that appears at the end of each story. We also invite you to visit HUD's Community Renewal Web site at www.hud.gov/cr to browse through the annual reports of the RCs and EZs.

Financial and Technical Assistance

Baltimore EZ Helps Entrepreneur Achieve Dream of Owning a Business

Baltimore, Maryland, EZ

“I don’t believe that a traditional bank would have loaned me money to start my business. I had never done this type of business before.”

—**Joey Richards**, *Charm City Signs*

Joey Richards had no experience in graphic arts, only a determination to succeed. Working in New York City as a paralegal, she had learned to survive in a sink-or-swim environment. That survival instinct served her well when, after she moved to Baltimore to be with her daughter, her company downsized and Richards lost her job. Undaunted, Richards decided to start her own sign company. As an unemployed single mother and novice entrepreneur, she stood little chance of finding a traditional lender willing to finance her business.

On the Internet Richards discovered the U.S. Small Business Administration’s One-Stop Capital Shop, located at Empower Baltimore’s business empowerment center. Empower Baltimore, she would discover, administers the Baltimore EZ. At the business empowerment center, she found a wealth of services: one-on-one business counseling; access to computers and business-related software; research materials to develop a

business plan and loan package; and a large reference library with guides to planning, marketing, legal issues, accounting, record-keeping, facilities, equipment, inventory, and advertising for different types of businesses. Suddenly, Richards’ plan to start her own company did not seem so far-fetched after all.

Armed with a list of potential business sites available in the EZ, provided by the Baltimore Development Corporation, Richards began driving to check out each address. After one site she was interested in fell through, she settled on a site on Central Avenue in Inner Harbor East. With a \$100,000, 7-year loan from Empower Baltimore’s Small Business Loan Fund, Richards leased the 2,200-square-foot, first-floor space that would become *Charm City Signs*. One-fourth of the loan covered her initial equipment costs, and she opened for business with no other funding beyond her own life savings.

Assistance from Empower Baltimore did not end there, however. Her business startup costs were such that the company operated at a loss for a while, and Richards worked hard to increase her business acumen and build up a stable client list. She attended a host of breakfasts, workshops, and other entrepreneurial networking opportunities arranged by EBMC’s business empowerment center.

Her contacts in Empower Baltimore referred “everybody they knew who wanted a sign” to her shop, Richards says, and some of those early customers are still with her. Moreover, Empower Baltimore followed up to make sure she had plenty of networking opportunities and access to business expertise. Today, business is booming for Charm City Signs with contracts to manufacture signs for businesses across the Baltimore metropolitan area.

For more information on the programs of the Baltimore EZ, please contact Tanya Terrell at **(410) 783-4400**.

Empower Baltimore Loan Turns Abandoned Box Factory to New Uses

Baltimore, Maryland, EZ

“We talked to a variety of banks,” recalled Larry Silverstein, developer of *Lancaster Square* in Baltimore. “No one would lend money down here, especially for a building with environmental issues. Empower Baltimore provided the initial financing that got everything going. The loan they did for this building set off the chain reaction.”

As a New York City investment banker and aspiring real estate developer, Silverstein had a keen appreciation of the potential of neglected urban neighborhoods. When Silverstein returned to his native Baltimore in the late 1990s, he moved into Fells Point. A crumbling, boarded-up brick structure at 1820 Lancaster Street, which had once housed the Union Box Company, caught his eye.

Silverstein envisioned a renovation that would restore the Union Box building to its former glory—but in a modern urban community that provided the mix of commercial and residential uses that had worked so well in TriBeCa—the once-deteriorating “Triangle Below Canal Street” area of New York City. Like TriBeCa, the Union Box property was a somewhat isolated enclave that had once been predominantly industrial.

“I always wanted to fix up an old building,” Silverstein recalled and it was love at first sight. The price was “shockingly inexpensive,” said Silverstein—\$340,000 for a crumbled building he wanted to turn into 50,000 square feet of profitable office space. The streets nearby were

also ripe for development. A parking garage or two might be possible, perhaps condominiums or apartments. A small park was already there and the waterfront was nearby. The site seemed ideal for his purposes.

The Union Box Company building dated from the 1800s. The company, which made shipping boxes for oysters and fruit, was typical of the industries that flourished when Baltimore was a rail and shipping hub. Also typical, however, were the old in-ground oil tanks, lead-based paint, asbestos, and other environmental contaminants in common use decades ago, that would have to be removed to meet current building and environmental standards.

That is when Silverstein ran into problems. None of the banks he sought out wanted to finance such a project. The environmental cleanup costs in a brownfields site were unpredictable, nor was it certain that businesses would be eager to lease office space in the transitional neighborhood.

It turned out that Silverstein did not need a bank for financing. Empower Baltimore Management Corporation, which administers Baltimore’s EZ, stepped in with a \$340,000 loan that enabled Silverstein’s project to go forward. Completed in 1999, the project combined seven separate buildings into one structure while maintaining the historic facades. The project consists of office, retail, and multifamily spaces.

Lancaster Square now houses offices of a financial brokerage, an Internet design and marketing company, the Epidemiology-Genetics Program in Psychiatry of the Johns Hopkins University School of Medicine, and several other establishments. The exterior of the brick building has been restored right down to the old-fashioned block letters that read “Union Box Company” on the facade. A whimsical, faux railroad track design on the inside floor leads visitors past concrete pillars

fashioned to look like wooden beams to a light, airy interior with exposed brick walls.

Today, Silverstein has not only repaid the EZ loan, but also is developing more properties in the area.

Lancaster Square has won many awards, including the Best Historic Renovation Above \$1 Million for the State of Maryland and the third best renovation below \$10 million in the United States. In April 2001 the Baltimore Metropolitan Associated Builders & Contractors named Lancaster Square the best Historical Restoration Over \$1 Million; in June 2002 Baltimore Heritage gave it the Historic Preservation Award; and in December 2003 *Baltimore* magazine gave Lancaster Square a Best of Baltimore award for the post office located there.

It is now a space, notes Silverstein, “that sells well.”

For more information on the programs of the Baltimore EZ, please contact Tanya Terrell at **(410) 783-4400**.

Camden EZ Encourages Businesses With Loan Fund, Grants

Philadelphia, Pennsylvania/ Camden, New Jersey, EZ

“I believe that the availability of the EZ Small Business Loan Fund and the EZ tax incentives led INC Magazine to rank Camden sixth among urban cities in which to do business,” said Mike Diemer, executive director of the Cooperative Business Assistance Corporation (CBAC) in Camden, New Jersey.

An employment agency, a dry cleaners and 45 other new businesses have opened in the Camden, New Jersey, EZ thanks in part to EZ loan and grant programs for businesses.

In 1998 the Camden Empowerment Zone Corporation (CEZC) made \$2 million in business loan funds available through CBAC, a nonprofit community development fund founded in 1987 that provides loans to small Camden businesses that have difficulty accessing traditional credit markets. CBAC manages the CEZC revolving loan fund, which offers microloans (\$1,000–\$20,000), commercial loans (\$20,000–\$100,000), fixed asset loans (\$100,000–\$250,000), and working capital loans for inventory, supplies, and other expenses. CBAC leverages CEZC funds with capital from a consortium of local banks, the U.S. Department of Treasury, various private foundations, and the Small Business Administration’s Micro Loan Program.

The CEZC \$2 million loan pool has provided loans totaling \$2,755,434 to finance EZ-based businesses. The 47 EZ businesses that received grants and loans by July 2004 helped create 150 new jobs and retain 353 others for EZ residents.

This loan program helped make it possible for Noah Joffe, a southern New Jersey dry cleaner, to purchase and renovate a 15,244-square-foot former machine shop on 10th Street in the EZ. The Joffe project received a \$117,500 loan from CBAC as part of a nearly \$700,000 financing package. The new facility was expected to create six new jobs for EZ residents.

“There’s a good labor pool here,” the New Jersey Economic Development Authority (NJEDA) quoted Joffe in 2001. “We promised to bring new jobs to the Camden area and, with the help of CBAC, Commerce Bank, and the NJEDA, we’re doing it.”

Another business-related project, the business grant program administered by the CEZC, provides grants for EZ businesses of \$1,000 for each employee living in the EZ, to a maximum of \$5,000 per business. These

grants complement the benefits of EZ Federal wage credits, which are worth up to \$3,000 yearly for each employee who resides in the EZ. Problem Solvers Employment Agency, the first company approved for the EZ Business Grant program, is an example of the program in action. Problem Solvers qualified for two grants, making it possible for company President Clarence Gland and Vice President Kimberly Henry to hire Erika Rhett as treasurer. Problem Solvers then helped 20 other Camden residents find jobs.

For more information on the programs of the Camden EZ, please contact Program Manager Darrell Staton of the Camden EZ Corporation, at **(856) 365-9061**.

Camden Tech Incubator Adds New Venture Fund, Plans Expansion

Camden, New Jersey, RC

"A lot of people thought there were no entrepreneurs in South Jersey," Frank Keith, director of the Rutgers-Camden Technology Campus, Inc., told the *Philadelphia Business Journal* in 2002. "We proved them wrong."

And Keith continues to prove his point. On March 31, 2004, the U.S. Commerce Department's Economic Development Administration (EDA) boosted incubator efforts by providing \$850,000 to cover legal and administrative costs of setting up the New Jersey Early Stage Venture Capital Fund. The EDA investment will start the venture fund and provide a mentoring program to help technology-related, early-stage businesses gain access to equity and debt financing. Keith envisions the venture capital fund becoming as large as \$75 million.

"To help attract qualified entrepreneurial companies to Camden and its surroundings, the fund will strongly encourage companies in which it invests to locate in the city's Renewal Community or Empowerment Zone. The Tech Campus will seek experienced venture-fund managers from the region to run the fund," Keith said.

The Tech Campus is a partnership of the Rutgers University School of Business at Camden, the Delaware River Port Authority, and the New Jersey Commission on Science and Technology. Located in Camden's Renewal Community since its opening in October 2002, the Tech Campus will move to new quarters in the Camden EZ waterfront in 2005.

"The long-range goal is to create a six-building technology park in Camden, close to the aquarium," said Keith. "As we speak, the first building is under construction. It will be 100,000 square feet—20,000 square feet per floor, with five floors available for occupancy in 2005." One floor of the building will provide modular "wet labs" to "house a nest of biotech life sciences companies in Camden," said Keith. The Rutgers-Camden Technology Campus will occupy two floors of the new building, doubling the incubator's capacity in its current site with 35 office suites in a renovated hospital building in the RC.

"The idea, as companies spin out of the incubator, is to have a tech park in Camden," said Keith. He anticipates the tech park project will create 1,000 to 1,200 high-paying jobs.

All companies located in the Camden RC are eligible also to claim valuable Federal tax incentives that Congress authorized for RC businesses, such as Commercial Revitalization Deductions, Increased IRS Section 179 Deductions, and wage credits worth up to \$1,500 per employee. The employee must reside in the RC and there is no limit on the number of employees for which the employ-

er can take these credits. These credits are available to RC businesses through at least the end of 2009.

For more information on the programs of the Camden RC, please contact Managing Director Rick Cummings of the Camden EZ Corporation at **(856) 365-0300**.

EZ Loan Funds Childcare Center Expansion

Cleveland, Ohio, EZ

Dawn Benton is a woman with a lot of heart. Her commitment to nurture children in a safe and encouraging environment lies at the heart of her small business, located in the Glenville neighborhood in the Cleveland EZ. The name that Benton chose for the business reflects her heartfelt affection for children:

All My Heart Education Center.

“I believe the success of All My Heart comes from my staff, committed to giving our children the best that they have,” says Benton. All My Heart serves infants, toddlers, preschoolers, and elementary school children.

The success of Benton’s early education center meant a need to grow. With the help of an EZ business opportunity loan of \$90,764 dollars, received in May 1999, Benton was able to expand her education facility by 1,500 square feet. The new facility contains a kitchen, bathroom, cribs, and play areas for infants and toddlers.

Enrollment at All My Heart for 2004 is at capacity with 70 children, most from the Glenville area. Benton says most of her staff, including 16 teachers and assistants, live in the EZ.

“The children are my joy,” says Benton. “They are, as I like to say, the frosting on my cupcake.”

For more information on the programs of the Cleveland EZ, please contact Director Anthony Houston at **(216) 664-3410**.

Franchise Initiative Brings Popeyes, Wendy’s to Columbus EZ

Columbus, Ohio, EZ

Two national fast food chains are opening eateries in the Columbus EZ in 2004, thanks to the Columbus Compact Corporation’s Franchise Initiative. The two franchises—*Popeyes Chicken & Biscuits* and *Wendy’s International, Inc.*—are bringing a national presence to underserved commercial areas in the EZ.

The Columbus Compact Corporation administers the Columbus, Ohio, EZ. The compact’s franchise initiative offers financial resources to investors and experienced retail managers within the boundaries of the Columbus EZ.

The franchise approach enables national retailers to enter central city marketplaces at reduced risk. These enterprises benefit the EZ by redeveloping idle property, providing services, and creating entry-level jobs for residents.

Through the initiative, the Columbus Compact makes available up to \$250,000 as an equity investment to support a new franchise operation. The compact then becomes a limited partner with less than 50 percent ownership. A structured 5-year exit strategy will recoup the compact’s investment and leave the operator with full ownership. In addition, participating businesses receive the support of a full-service real estate development firm for tasks such as market studies, assistance in identifying and securing sites, negotiating with franchisers, and packaging

bank financing, as well as assistance with site development or redevelopment.

Popeyes opened its doors for business in the Milo-Grogan neighborhood of the Near North Heritage District of Columbus in February 2004—dramatically improving the appearance of the one-half acre site, which formerly consisted of vacant lots, billboards, and two empty buildings. The Milo-Grogan restaurant is the second Popeyes franchise owned and operated by minority entrepreneurs Ron and Mary Prigmore, a local couple.

The Prigmores credit the franchise program with helping identify a site and securing financing with Huntington National Bank. The program also provided development expertise, site assembly, and predevelopment financing during the site research stage as well as subordinated debt financing for construction/permanent financing.

Popeyes employs 35 area residents with an estimated payroll of more than \$300,000. The owners are eligible to take EZ wage credits worth up to \$3,000 annually for each employee who lives in the EZ.

Watermark Services LLC opened a Wendy's restaurant on East Broad Street in the Near East Heritage District in 2004. Watermark is the only franchise in the Wendy's home market owned by African Americans. This project is redeveloping a half-acre of vacant property into a one-of-a-kind, historic carriage-house-style restaurant in an underserved area. There will be 35 to 40 jobs and a payroll exceeding \$400,000. The owners will be eligible for up to \$3,000 a year in EZ wage credits for each employee who lives in the EZ. The initiative provided predevelopment financing, development expertise, intensive assistance with zoning variance process, and neighborhood liaison services.

For more information on the programs of the Columbus EZ, please contact President and CEO of Columbus Compact Corporation Jonathan Beard at **(614) 251-0926**.

Opportunity Fund Carves Shopping Mall From Large Downtown Store

El Paso, Texas, EZ

The El Paso EZ's Border Opportunity Fund helped make it possible for a long-time El Paso retailer to retain a retail presence in a historic downtown store while subdividing some of the space to create affordable main street storefronts for microenterprises.

Thanks to a low-interest, 10-year construction loan of \$197,000 secured by real estate, Mark Rosen, Inc., took the large Texas Store at Mesa and Overland Streets in downtown El Paso and subdivided part of it into smaller spaces. Rosen's grandfather, Marcus Rosen, founded the Texas Store in El Paso in the 1930s. Beginning in 1931 with the Popular Dry Goods Company in Las Cruces, New Mexico, the Rosen family has established a regional chain of clothing and piece goods stores under the Popular and Texas Store names.

The 2003 EZ funding for the Mesa Street Development covered costs of a new roof, asbestos removal, seven new bathrooms, and additional parking facilities. The project created five separate rental retail spaces with prime locations on Mesa Street.

Retailers in the development now include a men's and a women's shoe store, a sports shoes store, a financial services company, a general merchandiser, and a seamstress who rents out party equipment and sews for weddings and the traditional Hispanic quinceañera (a coming out party for teenage girls).

The Border Opportunity Fund helps address the financial needs of businesses that have not been adequately served by traditional lending institutions. Loans from this fund feature competitive interest rates to businesses in the El Paso EZ to help facilitate expansion projects in an area with traditionally minimal access to business capital.

For more information on the Border Opportunity Fund or other programs of the El Paso EZ, please contact Phyllis Rawley of the EZ at **(915) 351-1680**, or visit the EZ's Web site at **www.elpasoez.org**.

Fresno EZ Businesses Get HELP With Financing

Fresno, California, EZ

The city of Fresno launched its new \$1 million EZ business loan program with a flourish. Mayor Alan Autry and Council President Brad Castillo began the January 24, 2004, Fresno City Council meeting by presenting proclamations that officially declared this to be HELP Loan Day in the city.

"Access to capital is an essential element of any economic development program," said Fresno Economic Development Director Fred Burkhardt, explaining the significance of the program.

A partnership between the Fresno Economic Development Department, the Valley Small Business Development Corporation, and five area banks made the Hometown Entrepreneur Loan Program (HELP) possible. The Community Reinvestment Act loan pool will assist local enterprises that have had difficulties receiving small business loans in the past.

With the active involvement of the Federal Reserve Bank of San Francisco, five banks agreed to contribute \$250,000 to the loan fund: Central Valley Community Bank, Country Bank, United Security Bank, Valley Independent Bank, and Wells Fargo & Co. The Valley Small Business Development Corporation, a Fresno area nonprofit development agency, operates the loan pool. The Economic Development Department administers the Fresno EZ.

Funds will be available for investment in the Fresno EZ, Enterprise Zone, HUB Zone, or low-to-moderate income census tracts.

At the city council presentation on January 24, Autry and Castillo recognized all of the participants who made the loan pool a reality and then held a news conference. Broad coverage in the press and on local television and radio stations helped to get the word out.

Within 2 months of the launch, 5 loans were approved totaling nearly \$0.5 million. Few of the successful applicants, who represent a variety of businesses and financing needs, would have secured funding without the program.

"The collaboration and the confidence in the city of Fresno Empowerment Zone demonstrated by the city's financial community is gratifying," Burkhardt said of the loan program. "It is a significant tangible investment in the city's future!"

For more information on the programs of the Fresno EZ, please contact Fresno Economic Development Interim Director Lynn Bowness, Department of Economic Development, City of Fresno, at **(559) 621-8353**.

Minority Business Opportunity Committee Takes Off in Northwest Indiana

Gary/East Chicago/Hammond, Indiana, EZ

Since its inception in April 2003, the Northwest Indiana Minority Business Opportunity Committee (NIMBOC) has assisted more than 60 minority business entities in obtaining \$13 million dollars in contract awards and more than \$200,000 in financial transactions.

NIMBOC, established by the Gary/East Chicago/Hammond EZ with funding from the Minority Business Development Agency of the U.S. Department of Commerce, is made up of CEOs of major private industries and public organizations in Northwest Indiana. Its mission is “to foster the creation, growth, and expansion of minority-owned businesses in the cities of Gary, East Chicago, and Hammond.”

The committee fosters alliances that plan, coordinate, and deliver innovative policies, programs, and strategies. It fosters additional sources of capital, improved management skills, and greater market penetration for minority-owned businesses within the U.S. and global economies. Subcommittees work in the areas of finance, contracting and procurement, marketing, and international trade.

NIMBOC holds many events for the minority business community. In 2003 NIMBOC hosted its first Minority Enterprise Development Week with the EZ. More than 200 guests attended and 30 EZ minority businesses received Entrepreneurial Legacy Awards. NIMBOC has scheduled its second annual Minority Enterprise Development Week conference for September 2004 in Gary.

The international trade subcommittee recently sponsored a trade breakfast that provided minority business owners an opportunity to sell their products and services internationally. Speakers presented the possibilities of trading in a global market place.

For more information on the programs of the Gary/Hammond/East Chicago, Indiana EZ, please contact Executive Director Venus Cobb at **(219) 886-9047**.

New Development at The Point—A Shell Building Takes Shape

Huntington, West Virginia/Ironton, Ohio, EZ

Construction is underway on a \$1.3 million, 42,000-square-foot shell building at *The Point*, a South Point, Ohio, industrial park.

The shell building is the first of several projects planned for the 500-acre industrial park in the Huntington, West Virginia/Ironton, Ohio, EZ developable site. Economic development officials hope the park will bring several thousand jobs to the area in the upcoming years.

At the March 2004 groundbreaking ceremony, U.S. House of Representative Ted Strickland said, “This is yet another example of how the Empowerment Zone program can work. This community has made great things happen with the EZ money.”

Approximately an acre will be under roof at the new shell building, which will also have 26-foot-high ceilings, two loading docks, and 40-foot-wide bays. In addition, the site will have 50 parking spaces.

The shell building will lease for about \$2.75 per square foot, or \$100,000 a year. There have already been a number of inquiries about the property, but no one has signed a lease yet. Tenants will be eligible for the many EZ tax incentives including wage credits, EZ facility bonds, reduced capital gains provisions, and special business deductions.

Local officials have started an \$80,000 marketing campaign for the shell building and the industrial park. Half of this communications budget was provided through State funds.

For this project, the State partnered with the Lawrence Economic Development Corporation, the economic development arm of the chamber. The development corporation borrowed \$500,000 and the State provided \$500,000 in funding. Another \$200,000 in funding was provided by the EZ.

Construction on a \$900,000 project will create a 6,000-square-foot training center and a \$2.5 million project will bring infrastructure improvements including water, sewer, and road building the industrial park.

Construction on the Ohio University Southern's Point Leadership and Training Center will take 9 to 12 months to complete. In addition, the development corporation was recently notified that it would receive \$70,000 in tobacco settlement money to help build roads in the industrial park.

For more information on progress of The Point's shell building and training center, as well as information on the programs of the EZ, please contact Executive Director Cathy Burns of the Huntington/Ironton EZ, at **(304) 399-5454**.

EZ Contribution Jump Starts Major Shopping/Entertainment Complex

Huntington, West Virginia/Ironton, Ohio, EZ

Having overcome the largest impediment—land acquisition—to a \$60 million restaurant, retail, and entertainment complex, Pullman Square is no longer a dream. Due to the development's location, the Huntington, West Virginia/Ironton, Ohio, EZ was able to contribute \$500,000 to help assemble the 8-acre site, thereby setting the project in motion.

The EZ's partnership with four groups—Huntington Urban Renewal Authority; the Transit Authority; the city of Huntington; and Huntington Metropolitan, the private developer—was key to the successful land purchase and it demonstrated the community's support of and commitment to a major development within downtown Huntington. By backing up its words with action, the partnership effectively made the case that the EZ was a prime location for investment. "I am pleased the development is located within the Empowerment Zone and tenants are eligible for Federal tax incentives," said Tim Rollins, project developer.

Five tenants have already signed on to be a part of Pullman Square. Of those five, three companies are new to West Virginia. In addition to the 16-screen *Marquee Cinema* and two large parking garages, two restaurants, an ice cream parlor, a coffee shop, and a comedy club will call Pullman Square home.

Located near the Marquee Cinema, *Cold Stone Creamery* will offer made-to-order ice cream creations to each customer by blending mix-ins on a frozen granite stone.

This sweet shop will occupy 1,250 square feet and will be the first of its kind in West Virginia.

New to the State is *The Funny Bone Comedy Club*, which features standup comedians and weekly headliners performing in a two-level, state-of-the-art club. A national leader in comedy club operations, The Funny Bone will occupy 6,700 square feet.

Facing Third Avenue, *Moe's Southwest Grill* is one of the fastest rising stars in the quick-casual dining category. Moe's makes burritos daily from the freshest ingredients. The 2,300-square-foot location will be its first in West Virginia.

Sharing the building next to the Holiday Inn and Suites is *Pizzeria Uno*. Originally known for its Chicago Style Deep Dish Pizza, the restaurant now features a full lunch and dinner menu in a casual family-style setting. It will offer al fresco dining in this 7,200-square-foot location.

Situated on a high-profile corner of Pullman Square, overlooking the square and facing Third Avenue, *Starbucks* will occupy 1,600 square feet and provide both indoor and outdoor, café-style seating. This is the fifth West Virginia location for this retailer of whole bean coffees, espresso beverages, premium teas, pastries, and confections.

For more information on the progress of Pullman Square and on the programs of the EZ, contact Executive Director Cathy Burns of the Huntington/Ironton EZ, at **(304) 399-5454**.

EZ Business Resource Center Uses Startup Loans To Assist Businesses and Create Jobs in Heart of Knoxville

Knoxville, Tennessee, EZ

The *Bourbon Street Café* is one of the newest additions to Knoxville's EZ. The restaurant specializes in home-style New Orleans and southern-style meals, sandwiches, and desserts. Owner Lilita Smith is a bundle of energy who is very excited about this endeavor.

Smith worked with the Tennessee Small Business Development Center and Economic Ventures, partners in the Knoxville EZ Business Assistance Center, for approximately 1 1/2 years before receiving a \$50,000 startup loan from the EZ to help finance her business. She accomplished all of this while working another job and going to school full-time. She spent time acquiring equipment for the café and the equipment served as collateral for the loan. Smith found the staff of the EZ business assistance center to be very helpful throughout the entire process.

Smith says that the hardest part about getting started was getting detailed information about her industry. People were reluctant to share information with someone who was going to be a potential competitor. The easiest part about getting started was "trusting in God and working out the menu."

Four new jobs were added to Knoxville's EZ with the grand opening of the Bourbon Street Café in October 2003.

On April 17, 2004, business owner Gary Gamble addressed a crowd of well-wishers at the grand reopening of GAM'S Hair Fashions in the Mechanicsville community of Knoxville. Gamble's business was displaced when his former location was acquired as part of the economic redevelopment plan in Mechanicsville. However, thanks to a \$50,000 loan from the Knoxville EZ Business Resource Center, Gamble now owns the building at 1524 University Avenue where his business is housed and he was able to remain in the community just a few feet away from his former location. Gamble credits the assistance of the EZ business resource center staff throughout the process of securing the loan to purchase the building and new equipment. With the reopening of GAM'S, Knoxville's EZ has retained two jobs and added seven new ones.

Healthcare Billing Resources is a company that provides billing, administrative, and consultative services to healthcare providers in Knoxville. Owner Jennifer Monroe started the business out of her home in 1998. The business grew quickly and she soon moved to a bigger home. However, the success of the business necessitated finding appropriate office space. "We like the close proximity to downtown and to the hospitals and doctors we serve," said Monroe. She stated she "gets more office space for the dollar" by having her business located downtown. In addition, the office is close to where most of her employees live.

The continued growth of the business made it necessary to purchase additional equipment to increase operational efficiency, so Monroe contacted the Knoxville EZ business resource center for assistance. Because she had all the necessary paperwork when she showed up for her appointment, the EZ was able to process a business loan of \$50,000 to her in a matter of days. Jennifer has used her loan money to expand the office space and purchase new

equipment. She was excited to learn she could fully depreciate the equipment costs on her Federal taxes in the first year through the Increased IRS Section 179 Deductions because her business is located in the Knoxville EZ. She is also able to take advantage of the EZ wage credit because one of her four full-time and two part-time employees live in the EZ. The EZ wage credit is worth up to \$3,000 yearly to EZ employers for each employee that lives in the EZ.

For more information on the programs of the Knoxville EZ, please contact Marcy Griffin, Assistant Community Development Administrator, City of Knoxville, **(865) 215-3900**.

EZ Fosters Business Development in South Florida

Miami-Dade, Florida, EZ

LEASA Industries Expands Facilities and Jobs

LEASA Industries Company is close to completing construction of a 30,000-square-foot facility expansion that was made possible by a \$1.6 million equity investment by the Miami-Dade Empowerment Trust, which administers the Miami-Dade EZ. "The Empowerment Trust is making it possible for us to continue leading our industry while making a positive impact in the local community," commented L. George Yap, president and CEO of LEASA Industries.

As one of the largest growers of bean and alfalfa sprouts and the largest producer of tofu in Florida, the expansion was needed to accommodate LEASA's rapidly growing sales that totaled nearly \$5 million in 2002. Located in the Poinciana Industrial Park, this expansion is expected to create 65 new jobs for residents of the Miami-Dade EZ.

Chili's Brings Flavor and Jobs to Bayside Marketplace

Thanks to a \$500,000 investment from the Miami-Dade Empowerment Trust's Venture Capital Fund, *Chili's Bar & Grill* opened a restaurant in Bayside Marketplace. Not only will Chili's enhance this major tourist attraction, but it will also create at least 100 jobs in the central business district of the Miami-Dade EZ.

"This is a really great opportunity for Chili's to complement the attractions offered at Bayside for tourists and local residents. At the same time we are hiring residents from economically distressed areas such as Overtown and Wynwood," added a Chili's spokesperson.

For more information on the programs in the Miami-Dade EZ, call EZ Director Andre Wallace at **(305) 372-7620**.

Coffee Shop Adds Savor to New Minneapolis Urban League Headquarters

Minneapolis, Minnesota, EZ

"I want to give back and provide a business model of appropriate, professional behavior, particularly for our children," Ardana Johnson, owner of *Café Tatta Bunna* in the Minneapolis EZ, told the *Minnesota Spokesman-Recorder*. "I want them to know that any business they dream of can become their career."

Café Tatta Bunna has become a popular community gathering place since opening in December 2002. The first coffee shop on Minneapolis' Near North Side, Café Tatta Bunna leases space in the city's new Urban

League Headquarters, the Glover-Sudduth Center for Economic Development and Urban Affairs. The 30,000-square-foot redeveloped building at Plymouth and Penn, with its distinctive patterned brick and clock tower, features two large public gathering places and nine smaller spaces.

The coffee shop received a \$30,000 EZ business initiative loan through the Minneapolis Consortium of Community Developers. Other funding partners included Women Venture, Minneapolis Urban League, Minneapolis Community Development Agency, Northside Residents Redevelopment Council, and Franklin Bank.

The Minneapolis EZ Business Initiative is a partnership with community lenders to invest in EZ small businesses. It makes loans and technical assistance available to entrepreneurs within the EZ who may not be able to access conventional loans or who are in need of additional capital. Businesses located in the EZ are also eligible for a \$3,000 yearly tax credit for each employee who lives in the EZ.

Johnson, a former Northwest Airlines flight attendant, was born and raised in North Minneapolis. "My roots are here," said Johnson. "I graduated from North High and I recently purchased a home in north Minneapolis."

When asked about her business goals, Johnson said that she sees her future role as supporting other entrepreneurs. "There are people in places who can and will help you," Johnson affirmed. "I don't want anyone to say it can't be done."

For more information on the programs of the Minneapolis EZ, please contact Director Jonathan Palmer, Minneapolis EZ at **(612) 673-5016**.

Gotham Plaza Brings Stores, Offices, and Confidence to East Harlem

New York, New York, EZ

“Gotham Plaza is more than just another building,” says Gotham Plaza developer David Blumenfeld, vice president of Blumenfeld Development Corporation. “It is a historic vote of confidence in the future of East Harlem.”

Gotham Plaza, a 90,000-square-foot retail and office building on East 125th Street between Lexington and Third Avenues, is an important factor in the ongoing revitalization of the New York Empowerment Zone in East Harlem, an area that has suffered urban blight for decades.

Completed in December 2002, Gotham Plaza is a mixed-use facility with prime retail and office space. The retail stores include The Children’s Place, Foot Action, Petland Discounts, and Rockaway Bedding. The New York State Department of Motor Vehicles and Lifespire—a nonprofit organization that provides services to adults with developmental disabilities—lease the upper floors of the building.

The \$22.5 million Gotham Plaza project was financed by a \$3 million loan from the Upper Manhattan Empowerment Zone (UMEZ) Development Corporation, an \$18 million loan from Fleet Bank, and \$1.5 million in developer equity. UMEZ administers the Manhattan portion of the New York EZ.

Gotham Plaza created 275 jobs and helped stabilize other commercial businesses, including Pathmark Supermarket, Seamans Furniture, and Duane Reade (the latter two having leased space in another building, Gateway Plaza, that was partially financed by UMEZ).

“The project was a good first step to address the shortage in local office space. It has also provided a great draw for other businesses to expand or move into the underserved East Harlem community,” said Kenneth J. Knuckles, CEO and president of UMEZ.

For more information on the programs of the UMEZ, please call Chief Administrative Officer Marion Phillips, New York Empowerment Zone Corporation, **(212) 803-3239**.

Through EZ Financing, Café Helps Keep NYC’s Fort Tryon Park Beautiful

New York, New York, EZ

The New York Times called the *New Leaf Café*, located in Manhattan’s Fort Tryon Park, “a cool, airy oasis.” The Zagat Survey commended its “stunning” location, “creative” organic cuisine, and “friendly” service.

What makes this out-of-the-ordinary restaurant truly unique, however—according to Kenneth J. Knuckles, former CEO and president of the UMEZ Development Corporation—is that “the Café received a grant from UMEZ and the proceeds from operations are used to support and maintain Fort Tryon Park.”

The New Leaf Café is an enterprise of entertainer Bette Midler’s New York Restoration Project (NYRP), a nonprofit organization working to reclaim, develop, and revitalize parks, gardens, and public space in New York City. Net proceeds from the restaurant support NYRP’s ongoing work in Fort Tryon Park. In addition, Midler’s organization supports several other parks, including Swindler Cove Park, Fort Washington Park, Highbridge Park, Roberto Clemente State Park, and Bridge Park.

“When I moved back to New York in the early 90s, I saw the decay of its parks, roadways, and open spaces—especially in economically disadvantaged neighborhoods,” declared Midler in a 2004 letter on the NYRP Web site. “Since then, NYRP has shown what individual action, organized around a unified effort, can achieve. We’ve forged partnerships with city and State agencies to allow our cleanup and reclamation projects to bring hundreds of acres of parks back to pristine condition.”

Since its opening in 1995 in Fort Tryon Park, the New Leaf Café has provided a distinctive and romantic setting for fine dining. Designed to appeal to residents and tourists alike, the restaurant serves local, regional, and international audiences and also hosts special events and themed evenings. The menu features both American and regional cuisines.

The EZ’s \$200,000 grant to New Leaf Café went toward the build-out of the restaurant’s second floor. The commitment from UMEZ added to the momentum for the development of the New Leaf Café, helping to create 57 new jobs and supporting the overall economic revival taking place in Upper Manhattan. The EZ grant becomes a fully repayable loan should the Café fail to comply with the grant agreement. UMEZ administers the Manhattan portion of the New York Empowerment Zone.

For more information on the programs of the UMEZ, please call Chief Administrative Officer Marion Phillips, New York Empowerment Zone Corporation, **(212) 803-3239**.

Nation’s Biggest African-American Bookstore Established in Harlem, Thanks to EZ Loan

New York, New York, EZ

“Businesses like the *Hue-Man Bookstore* greatly enhance the cultural landscape of our community,” remarks Kenneth J. Knuckles, former CEO and president of the UMEZ Development Corporation. “They draw visitors to 125th Street and complement the nearby cultural institutions like the Apollo Theater and the Studio Museum.”

In August 2002 the Hue-Man Bookstore opened its massive 4,000-square-foot space in Harlem USA—instantly becoming the largest African-American bookstore in the country. Harlem USA, a multimedia entertainment retail complex that opened in 1999, previously brought in retailers like Old Navy, HMV, and Magic Johnson Movie Theaters to a historically underserved area. One of the first projects of UMEZ, Harlem USA was approved in 1996.

The Hue-Man Bookstore boasts an extensive selection of books by African-American authors on a wide variety of topics. It also has a large children’s book department, an education area, and a coffee and refreshment bar. With a décor and ambience that rival larger chain bookstores, it has become a fixture in the Harlem community.

UMEZ facilitated the establishment of the independent bookstore in Harlem USA by providing Hue-Man with a \$475,000 loan and assisting in the negotiations with the

developer for an affordable long-term lease. The bookstore's three owners—Clara Villarosa, Rita Ewing, and Celeste Johnson—committed \$500,000 in equity to the project.

A financier, psychologist, and holder of a law degree, Villarosa founded the Hue-Man bookstore in Denver, Colorado, and operated it for 16 years before bringing the concept to New York City. Ewing is an attorney and author of women's fiction and children's books. Johnson had considered opening a bookstore of her own in Charlotte, North Carolina.

"This is so much bigger than our plans," Ewing told the American Booksellers Association's Bookselling this Week at the time of the opening. "I never expected the kind of impact [the bookstore] would have on the entire community. People are always coming by, poking their heads in."

For more information on the programs of the UMEZ, please call Chief Administrative Officer Marion Phillips, New York Empowerment Zone Corporation, at **(212) 803-3239**.

GM, Car Dealer Group Partner With EZ To Establish New Auto Mall in Harlem

New York, New York, EZ

When completed in 2005, the *East Harlem Auto Mall* will be the largest auto sales and service center in New York City and the first located above 60th Street in more than 40 years. The new auto mall, launched June 20, 2003, with an agreement signed between General Motors and the Potamkin Auto Group of New York, was made possible by \$17 million in tax-exempt EZ facility bond funding.

"When organizations of the caliber of General Motors and Potamkin choose East Harlem for a major initiative," said New York Mayor Michael Bloomberg at the signing, "it's a sure sign that the neighborhood is maintaining its momentum toward becoming a major destination shopping location, as well as a place where people work, live, and invest."

The East Harlem Auto Mall, to be built on East 127th Street between Second and Third Avenues, will house five auto dealerships including the GM brands Cadillac, Chevrolet, Saturn, and Hummer. In addition, the property will be used to complete the final stages of auto manufacturing and offer full vehicle service and repair facilities.

The UMEZ Development Corporation issued \$17 million in Industrial Development Authority bonds to finance the cost of construction. UMEZ administers the portion of the New York EZ that is in Manhattan.

The Cadillac and Hummer franchises will be owned by Potamkin Cadillac Hummer of Manhattan and will be developed in conjunction with Potamkin's Minority Dealership Program. Similarly, the Chevrolet and Saturn franchises are being developed in conjunction with GM's Minority Dealer Development Program.

"These new GM franchises will play a role in GM's effort to better address the needs of buyers in this large and diverse market," said GM Chairman and CEO Rick Wagoner at the signing. "We're dedicated to providing products and services that a wide range of customers want and to getting our fair share of the growing sales in these markets."

The East Harlem Auto Center is expected to create more than 250 permanent high-paying, full-time jobs with an average annual salary of approximately \$41,600. This is a full 16 percent higher than the median wage of

\$36,760 for New York residents, noted Kenneth J. Knuckles, former CEO and president of UMEZ.

“A project of this size will pay massive dividends as East Harlem and the surrounding communities of Upper Manhattan continue to benefit from new investment and building initiatives,” said Knuckles. “We hope to continue to bring these types of projects to Upper Manhattan in the future.”

For more information on the programs of the UMEZ, please call Chief Administrative Officer, Marion Phillips, New York Empowerment Zone Corporation, at **(212) 803-3239**.

EZ’s Technical Assistance Helps Security Company Prosper

Norfolk-Portsmouth, Virginia, EZ

Seeking to take advantage of the heightened interest in security in order to grow its business and in need of more suitable office space, *Advanced Research Investigative, LLC (ARI)* approached the Norfolk-Portsmouth, Virginia, EZ for help. Within 90 days of the request, ARI had relocated from Virginia Beach, Virginia, to the EZ.

“Pre-September 11th, there was not a lot of interest in security, but since that time, opportunities have opened up in this industry,” said CEO Keith Benson, who founded ARI in 1998. These opportunities, combined with ARI’s move to the EZ, served as a springboard to take business to the next level.

Through its small business incubator and resource center, Empowerment 2010, which administers the EZ, was able to steer ARI to additional government contract opportunities and was instrumental in helping ARI secure new government contracts. Benson

beams when he speaks about how far his company has come since June 2003. “When I came to talk with Empowerment 2010, we had zero contracts. To this date, we have five. Once everything was put in place through the relationship with Empowerment 2010, we were quite successful with contract negotiations and awards,” he said.

With ARI’s move to the EZ came growth. The company has gone from a 1-man operation to 15 full-time employees, 5 of whom are EZ residents. ARI is now eligible to claim yearly EZ wage tax credits worth as much as \$3,000 per employee. By registering with Federal and State procurement agencies, ARI won a competitive bid to perform screening services for a pass and identification department valued at \$62,700.

For more information on the programs of the Norfolk-Portsmouth EZ, contact Landis D. Faulcon of Empower 2010, Inc., at **(757) 314-4228**.

Virginia EZ and Wireless 4 U Form Valuable Partnership

Norfolk-Portsmouth, Virginia, EZ

Having started as an independent sales representative selling cell phones from the trunk of his car, James Hunter, Jr., was ready for a store of his own. Today, his company, *Paradyne Marketing Group, LLC*, is flourishing due in large part to the help Hunter received from the small business incubator and resource center run by Empowerment 2010, the organization that administers the Norfolk-Portsmouth, Virginia, EZ.

After developing his business plan, Hunter turned to the small business incubator and resource center, where he learned about the

opportunities provided to EZ businesses. He received a wealth of legal, human resources, and marketing assistance for his new business. “Empowerment 2010 was very useful because it provided information that I would not have had or come across if I’d not established that relationship,” says Hunter.

Paradyme Marketing Group opened its first retail store, Wireless 4 U, in September 2002 on Hampton Boulevard in Norfolk, just minutes from a local university. The store not only offers competitive local exchange carrier services through Cavalier Telephone, but also carries a variety of mobile products from Alltel, Nextel, Sprint, and T-Mobile.

In August 2003, after correctly anticipating the buying power of Generation Y, Hunter expanded his business to Chesapeake, Virginia. He described the technical assistance he received from Empowerment 2010 as “invaluable.” When he started the company in 2002, it had five full-time employees, three of whom were EZ residents. Paradyme was eligible to claim yearly EZ wage tax credits worth as much as \$3,000 for each of these three employees. Hunter says he is looking forward to a prosperous future and a fruitful, ongoing relationship with Empowerment 2010.

For more information on the programs of the Norfolk-Portsmouth EZ, contact Landis D. Faulcon of Empower 2010, Inc., at **(757) 314-4228**.

EZ Helps Welding Company Connect With New Opportunities

Norfolk-Portsmouth, Virginia, EZ

Two years after *Tiggs Welding, LLC*, was established, profits soared 150 percent, a result of the company’s relationship with the Small Business Incubator and Resource

Center (SBIRC) in the Norfolk-Portsmouth, Virginia, EZ. This family-owned metalsmith firm received invaluable information from and made valuable business contacts through the SBIRC.

Tiggs Welding is the brainchild of Herbert and S. Patrice Tiggs. Trained in California as a special niche welder, Herbert Tiggs was inspired by another entrepreneur and motivated by a family crisis to begin this joint venture. Patrice Tiggs, a former client of Empowerment 2010, which administers the EZ and the SBIRC, had heard of self-improvement programs for EZ residents, but was unclear how they could be of help in establishing a business.

Initially, the husband-wife team sought professional assistance for their business from the veteran’s center. When that program concluded, the instructor joined SBIRC and the Tiggses soon were reaping the benefits of all SBIRC had to offer.

“I guess the three things we’ve gained have been knowledge, insight into business relationships, and accountability,” said Patrice Tiggs. “While the information is available at the center, we’ve learned it’s up to you to learn as much as you want to learn. No one is going to do it for you.”

After establishing itself in April 2001, *Tiggs Welding* requested assistance with marketing to increase its share of construction and government contracts. The SBIRC helped the firm implement several initiatives to help enhance market share. As a result, the firm has expanded from mobile welding to metal equipment repair and fabrication and has been certified by the Virginia Department of Transportation as a “Stay-in-Place Decking” builder for bridge construction. Additionally, its increased market presence led Rockford™ Steel Building Systems, a South Carolina manufacturer of ready-to-assemble steel buildings, to designate Tiggs

Welding as the Hampton Roads region's authorized dealer for its products.

These milestones allowed the company to increase its 2002 revenues by 150 percent over the previous year. The relationships initiated through the Empowerment 2010 SBIRC helped Tiggs Welding reach new heights.

For more information on the programs of the Norfolk-Portsmouth EZ, contact Landis D. Faulcon of Empower 2010, Inc., at **(757) 314-4228**.

EZ Business Center Strengthens Urban Core Stability

St. Louis, Missouri/East St. Louis, Illinois, EZ

Although the lack of adequate capital can be a barrier to small business development, the lack of adequate technical assistance often prevents businesses with potential from getting off the ground. And, without a sound business plan, many startups are unable to attract financing.

The EZ Small Business Development Center (SBDC) in St. Louis has been working to ensure that companies receiving Federal loans are considered sound by outside investors. Having loaned \$890,000 to five small businesses in 2001 and 2002, the Greater St. Louis Regional EZ, which established the SBDC, saw its efforts pay dividends as the seed money leveraged an additional \$2.5 million in private development and retained and created 92 jobs.

At the EZ Small Business Development Center, companies learn business plan development, marketing, loan packaging, and financial analysis. The EZ operates the center in partnership with the U.S. Small Business Administration; RMI, a microbusiness lender; the Missouri Small Business Development Center; Great Rivers

Community Capital; and the Service Corps of Retired Executives. The EZ also offers financial assistance in the form of low-interest loans and grants at the center.

A recent analysis prepared by the Initiative for Competitive Inner Cities projects growth potential for EZ businesses and praises the EZ business center. "Consistent with trends nationwide, St. Louis's growth is anchored by small business development," says Kevin Cahill, chief operating officer of the St. Louis Inner City Competitive Alliance. "The creation of this business development center is critical to retaining and encouraging sustainable business development and job creation."

"The service we offer and coordinate truly empowers business owners," says Kevin Wilson, director of the EZ Small Business Development Center. "They have a real opportunity to improve their circumstances."

For example, *DMX Industries* and *Lackey Sheet Metal* have received technical and financial assistance at the EZ business center to expand their operations, while two other businesses, *Wicks Mobil Plaza* and *Cecil Whittaker's Pizzeria*, used assistance from the EZ business center to add critical access to retail services. *Arvin's Furniture Appliance and AC*, another recipient of assistance, was able to rise from the ashes of a fire that damaged its facility within the EZ.

For more information on the programs of the St. Louis, Missouri/East St. Louis, Illinois, EZ, contact Interim Executive Director Ann Robertson, St. Louis Regional EZ Management Corporation, at **(314) 241-0002**.

Yakima Uses Loan Fund To Generate Jobs

Yakima, Washington, RC

The establishment of an Economic Development Loan Fund (EDLF) in Yakima,

Washington, in October 2002 has led to the creation of more than 130 jobs within the Yakima RC. While the monies, all of which came from HUD's Office of Community Planning and Development, have been earmarked for specific purposes, the city has allotted them to further job growth in the RC. Yakima has used a \$1 million Economic Development Initiative grant to provide a loan loss reserve, pay certain fees, and guarantee the interest rate for the term of each loan, while it has used \$4 million in Section 108 funds to approve businesses.

In 2003 Yakima funded three projects through the EDLF at a total value of \$3,335,000. The jobs these projects will create are spread among businesses large and small.

The first involves *Trail Wagons, Inc.*, a recreational vehicle manufacturer. This business used its loan to supplement working capital, acquire chassis, and retool for the introduction of two new motorhome models. The expansion of this RC-based business will create 121 new, full-time manufacturing jobs for local residents.

During its brief existence, *Yakima Cellars*, a boutique winery and tasting room, has produced several award-winning handcrafted

white and red wines. Both the wine production facility and the tasting room are located in Yakima's RC. Yakima Cellars used a \$110,000 loan for working capital and equipment acquisition. As a result, the company expects to expand production and hire three more full-time employees over the next 24 months. One of its partners has started a second winery as a result of Yakima Cellars' success.

With its \$330,000 EDLF loan, *Pepper's Restaurant* funded both the acquisition of and repairs to an existing structure and working capital. The principals of this minority-owned, RC-based business also own a hotel adjacent to the restaurant. Reopening the restaurant was, in the eyes of owners Seong and Helen Kim, vital to the success of their hotel.

The EDLF is an integral part of the Yakima RC's efforts and provides it with more flexibility when assisting businesses at the local level.

For more information on the programs of the Yakima RC, please contact RC Director Michael Morales of the city of Yakima, at **(509) 575-3533**.

Financial and Technical Assistance ★★★



Charm City Signs used a Baltimore EZ loan and EZ technical assistance to launch a successful graphics arts business. (page 64)



All My Heart Education Center for children expanded through a \$100,000 Cleveland EZ business loan. (page 68)



An El Paso EZ grant helped to finance a local retail center. (page 69)



Fresno EZ Director Fred Burkhardt provides technical assistance on EZ tax incentives to local residents and business owners. (page 70)



A Huntington-Ironton EZ grant helped to finance a new industrial park in South Point, Ohio. (page 71)

Financial and Technical Assistance ★★★



Pullman Square was developed partly through a \$500,000 Huntington-Ironton EZ grant. (page 71)



A New York EZ loan helped to finance the new Gotham Plaza in Upper Manhattan. (page 76)



Employees of Healthcare Billing Resources, a small business that received Knoxville EZ financial assistance.



New Leaf Café in Ft. Tryon Park received funding through a New York EZ grant. (page 76)

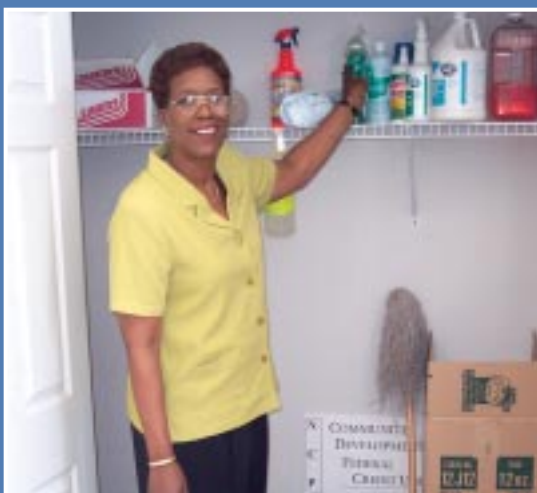


Café Tatta Bunna is a local business that received Minneapolis EZ financial assistance. (page 75)

Financial and Technical Assistance ★★★



The East Harlem Auto Mall was financed with tax-exempt New York EZ facility bonds. (page 76)



Cherry Janitorial Services, a women-owned local business, received technical assistance through the Norfolk-Portsmouth EZ and now saves money through EZ wage credits. (page 79)



Yakima Cellars Winery is a Yakima RC business developing through a Section 108 city loan. (page 81)



Tiggs Welding received valuable technical assistance through the Norfolk-Portsmouth EZ Small Business Incubator and Resource Center. (page 79)



Spotlight on Results

SECTION 3



Residents Advancing With Job Creation, Training, and Assistance



A key to revitalizing the Renewal Communities (RCs) and Empowerment Zones (EZs) is creating jobs for local residents. Steady employment provides the foundation for residents to become economically self-sufficient. Providing new jobs and job-training services for local residents helps each EZ promote economic opportunity, which is one of the four key principles of each EZ's strategic plan. The tax incentive utilization plan of every RC also focuses heavily on creating jobs and providing job training for local residents.

The annual reports that RCs and EZs submit to HUD reveal considerable success in advancing job creation and training assistance for local residents of these designated areas. These reports show that the urban EZs have conducted nearly 700 job-training and job match programs for more than 65,000 EZ residents since 1994. As a result, the EZs helped more than 55,000 EZ residents obtain new jobs and retain current employment.

The RCs do not receive Federal grants to provide job training assistance to local residents, yet the RCs are still successful in providing employment training and new jobs for local residents. In Rochester, New York, for example, the RC works with Rochester city offices to facilitate the BEST program.

BEST is an employment skills-training model that develops employment competencies for local residents, matches participants to local opportunities, and provides job-retention support for each participant.

In the Eastern Kentucky Renewal Community (EKRC), RC staff partnered with Save-the-Children and AmeriCorpsVISTA to provide computer skills for RC residents. At a local donated computer lab in the RC, residents receive one-on-one computer training and tutorials on computer repair. The Flint, Michigan, RC works with the national organization Support and Training Result in Valuable Employees (STRIVE) to provide job training for RC residents. In 2002 STRIVE conducted preemployment and basic skill development classes. It recruited 318 residents, of which 209 graduated into employment.

This section of the publication showcases the successes of RCs and EZs in providing vital job creation and training assistance for local residents. We know that you will enjoy reading about these successes and we hope that your community emulates some of these successes. If you would like additional information on any of the stories in this section, please call the RC or EZ directly using the contact information that appears at the end of every story.

Job Creation, Training, and Assistance

People, Partnerships, and Progress in Georgia RC

Atlanta, Georgia, RC

With almost 60 percent of families in the former Atlanta EZ living below the poverty level, job readiness took priority as the EZ began its transition to an RC. The need for employment-related training was emphasized by residents attending seven community meetings sponsored by the city of Atlanta to discuss the new RC designation.

“The Atlanta Renewal Community is completely committed to what works to relieve and eradicate the distress in our neighborhoods through partnerships with residents, businesses, and government,” said Melvin Waldrop, executive director of the Atlanta RC. “We are also committed to who works. Every capable adult and youth should have the capacity—skills and training—to move from unemployment and underemployment to self-sufficiency.”

Although she lives in the RC, Jorrica Copeland knew very little about how either EZ or RC programs could help her. Copeland did know a lot about unemployment and underemployment. Since graduating from high school in 1995, she had worked only in customer service positions at a major grocery store and a dry cleaning establishment.

The employment-related needs of Copeland and other RC residents are now being addressed through a partnership between the Atlanta RC and the Atlanta Workforce

Development Agency (AWDA). Through employment recruitment, evaluation, individualized job coaching, and career advancement counseling, AWDA’s GoodWorks! program offers lifelong learning and career development opportunities. The 7-month GoodWorks! program is targeted to Temporary Aid for Needy Families applicants and recipients as well as noncustodial parents with a high school diploma or General Equivalency Diploma. The program also provides mentoring for up to 12 months after a hire date and support services such as transportation, childcare, and healthcare.

As an AWDA program participant, Copeland is now working at the Atlanta RC’s management company, the Atlanta Neighborhood Development Partnership, Inc. “This opportunity has offered me computer training, helped me develop typing skills, and has allowed me to meet very important people here in Atlanta,” said Copeland. “I am now excited about my future!”

Pleased to provide employment opportunities to AWDA participants, Waldrop noted, “We could not expect to engage our partners to honor their commitment to this community and not do so ourselves.” In fact, two of Copeland’s GoodWorks! classmates also have been placed through the Atlanta RC: Marry Ann Pitts, who now works in the office of the president and CEO of Atlanta Neighborhood Development Partnership, Inc., and Angela Langford, who provides direct support to the RC program.

“When you bring people together in partnerships that work, progress is the predictable outcome,” said RC Deputy Director Lisa L. Hawkins. “That’s what works for the Atlanta Renewal Community—people in partnerships for progress.”

For more information on the programs of the Atlanta RC, contact Lisa Hawkins, at **(404) 522-3970**.

Painting a Picture Full of Opportunities

Cincinnati, Ohio, EZ

The benefits provided by this Cincinnati, Ohio, EZ-based paint company extend beyond the EZ's boundaries and into the community at large. Not only does *Nu-Blend Paints* provide job training and opportunities, it also recycles unused latex paint, reblending it into more than 150 different colors and a variety of finishes.

By purchasing the Free Store/Food Bank Building at 40 East McMicken in the Over-the-Rhine (OTR) area, Nu-Blend Paints demonstrated its commitment to EZ residents. "Without the Empowerment Zone we would not be here," said Bill Wojcik, Nu-Blend Paints' executive director. "The Empowerment Zone has been extremely helpful to our past and continued existence. We invite everyone to tour our facility. We see OTR as a viable community and we are committed to making the neighborhood a great place to live, work, and do business."

In 2001–02, the Cincinnati Empowerment Corporation, which administers the Cincinnati EZ, awarded Nu-Blend a grant and renewed it in 2002–03. Nu-Blend provides training and job opportunities to EZ residents. Its Painters Training Program teaches painting as a trade and helps graduates find occasional or full-time paint jobs and assists them in forming their own painting contract companies. The company presently has 16 employees, most of whom live in the EZ.

Painter Rhonda Lewise joined Nu-Blend Paints in its infancy. "I have started many things and never completed them," she said. "With the help of the Nu-Blend staff, I followed through and I'm proud of it." The mother of three, Lewise admits that her participation in the EZ

program has changed her life. "I was struggling—making minimum wage, low self-esteem, lost, and confused. Now I have a much better income. I have learned patience and self-control and have had an attitude change," she said. "What I am most proud of is ... I took my 8-year-old son on a tour of where I work. When it was over he looked up at me with so much pride and said, 'Mom, this is where you work?'"

For more information on the programs of the Cincinnati EZ, call Harold Cleveland, CEO of Cincinnati Empowerment Corporation, at **(513) 487-5200**.

Cleveland EZ-Based Business Keeps Ex-Offenders Out of Prison

Cleveland, Ohio, EZ

As thousands of former prison inmates return to Cuyahoga County, Ohio—most of whom will make their homes within the Cleveland EZ—one EZ-based business is working to reduce recidivism by integrating training, education, support services, and employment.

More than 20,000 inmates were released from Ohio's State correctional facilities in 2003, according to the Ohio Department of Rehabilitation and Correction (ODRC). Many of these ex-offenders faced obstacles such as overcoming addiction to drugs and alcohol, locating adequate housing, and finding jobs.

In an effort to end the cycle of prison release and readmission, *Community Re-entry, Inc.*, gives a second chance to those who need it through the SAVIP (Save a Very Important Person) program. SAVIP was developed to aid former felons living in the Cleveland EZ. Since 2001 the Cleveland EZ has obligated more than \$1.3 million in grant funds to the SAVIP program.

For Victoria Lynne Berry, SAVIP was her saving grace. Having labeled herself the black sheep of her family, this 30-year-old found herself confined within the criminal justice system on four occasions—primarily due to her involvement with drugs and alcohol.

“I was doing all right until crack came to town,” said Berry. That was when she lost control of her life and alienated her family. She lost 18 years to drugs and alcohol abuse.

In August 2002 Berry made the decision to turn away from her destructive lifestyle. That’s when she came to Community Re-entry and enrolled in the SAVIP program.

Under the SAVIP program, Berry returned to Cuyahoga Community College to complete her associate’s degree while also working in a subsidized position with the Famicos Foundation. Impressed with her personality and work ethic, Berry’s employer offered her a full-time position as a community organizer and outreach coordinator.

Now, in addition to working full-time, Berry voluntarily teaches computer literacy classes. She made the dean’s list as an undergraduate and has begun giving back to the community she took for granted and drained of resources while an addict.

For more information on the programs of the Cleveland EZ, contact Anthony Houston, director, at **(216) 664-3410**.

Work Initiative Program Teams EZ Residents With Local Employers

Columbia/Sumter, South Carolina, EZ

With a shortage of skilled carpenters and masons in the region, the Columbia/Sumter, South Carolina, EZ launched the *Work Initiative Program* (WIP) to offer skills

training in these construction trades to underemployed or unemployed EZ residents. “We’re attempting to fill an industry void by providing a skilled work force, and we are meeting the needs of the residents of the Empowerment Zone by creating job opportunities,” said Milton Smalls, the EZ’s CEO. “The WIP program is what the Empowerment Zone was set up to do, to create public-private partnerships that would come in and fill the needs of the community.”

The WIP offers three 10-week training programs each year to help EZ residents attain marketable skills in carpentry and masonry. Participants who complete a minimum of 9 weeks of training receive a certificate from the National Center for Construction Education and Research.

Various organizations refer applicants to the WIP, including the Columbia Housing Authority, the Employment Security Commission, South Carolina Vocational Rehabilitation, the Department of Social Services, the Tennessee Development Corporation, Benedict College, and the Home Builders Institute Project Take Heart. Only those who are underemployed or unemployed may receive the nominal, incentive-driven weekly stipend that considers attendance, test scores, and skills demonstration.

Employers in the Columbia/Sumter EZ have a significant financial incentive to hire WIP graduates. Employers in the EZ can receive up to \$3,000 yearly in Federal wage tax credits for each employee who lives in the EZ. “Not only does it allow the construction industry to take advantage of the tax incentives and tax credits that the Empowerment Zone offers, it also provides above average wages for our residents,” said Smalls. “So it’s a win-win situation for everyone involved.”

In 2003 more than 200 people applied to WIP; 76 were accepted into the program. About 80 percent of the participants graduated into full-time employment. In 2004 WIP expanded each of the 3 sessions to 12 weeks to incorporate soft-skills training.

For more information on the programs of the Columbia/Sumter EZ, contact CEO Milton Smalls at **(803) 545-3336**.

Adult Job Training Sparkles in Detroit

Detroit, Michigan, EZ

When Jewell Holley found herself in the unemployment line, her self-esteem dropped and she suffered bouts of depression. At age 50, with more than 35 years of work experience, she was unable to find a job. Today, Holley is an assistant branch manager for Standard Federal Bank in the Detroit, Michigan, EZ, thanks to *Operation ABLE*.

Although mature and elderly adults can often avail themselves of social services, healthcare, and recreational and housing options, there are far fewer opportunities for employment and job training. The Detroit, Michigan, EZ's response to such limited offerings was to help fund Operation ABLE, which provides a range of job-related services for EZ residents age 40 or older.

"Most public and private agencies in our communities focus on strengthening families by wrapping services around children and parents. At Operation ABLE we want to make sure that family elders get their fair share," said Francine Sims, who directs the agency's central office at Hannan House on Woodward Avenue.

Sims and her Operation ABLE colleagues help EZ residents overcome obstacles to employment, including limited job experience, a history of substance abuse or incarceration, fear of rejection due to age discrimination, or shopworn work skills due to long absences from the workplace.

While attending an EZ town hall meeting at Beard Elementary School in January 2002, Holley picked up a flyer from Operation ABLE's booth advertising computer classes. If she could upgrade her computer skills, thought Holley, she would be a more attractive job candidate. Holley began Operation ABLE's computer training program just 2 months later. Today she works within the EZ as a bank's assistant branch manager.

With \$533,600 in grants from the Detroit EZ Development Corporation since August 1996, Operation ABLE has helped bridge a vital gap by making free computer training and job-search assistance available to EZ residents over 40 years of age. Operation ABLE uses a variety of strategies to help clients land jobs. Employers frequently come to one or more of Operation ABLE's three offices, all within the EZ, to interview clients. Operation ABLE also provides job leads, listings of jobs convenient to specific bus lines, job fairs, job clubs, and clothing.

Since the program began, 278 EZ residents have received computer training, other job skills, and job-search training. So far, 142 have been placed in jobs by ABLE or found jobs independently using the skills they acquired through ABLE.

For more information on the programs of the Detroit EZ, contact Executive Director Larry Givens at **(313) 872-8050**.

Lack of Nurse Assistants Means Job Training Options for EZ Residents

Detroit, Michigan, EZ

Facing an increased demand for paraprofessionals in hospitals, assisted-living facilities, private homes, and nursing homes, the *Visiting Nurses Association (VNA) of Southeastern Michigan* is training 60 EZ residents as nurse assistants with a \$300,000 grant from the Detroit EZ Development Corporation (EZDC).

“By 2005 the need for paraprofessionals to work in skilled nursing facilities and with homebound patients is projected to increase by 138 percent. This is the largest increase across all healthcare professions,” wrote VNA Training Institute Director Trinee Moore in the April 2003 issue of *In Touch*. VNA not only provides home healthcare for eligible recipients, it trains workers in the healthcare industry and serves as an advocate for healthcare issues such as coverage for the uninsured and affordable prescription medications.

Certified nursing assistants perform a variety of patient services. These include personal care services such as dressing, feeding, and bathing; taking vital signs and assisting with medication; holding instruments and adjusting lights during medical examinations and treatment; and offering patients emotional support.

EZ-funded classes are held at the training institute’s newest location in the Metropolitan Center for High Technology. Participants attend classes daily during the 5-week training program and receive field experience each Saturday. Those completing the program can work as home health aides in private homes or as nurse assistants in hospitals, assisted-living facilities, or nursing homes. Starting salaries range from \$7 to \$9 per

hour. Graduates passing the State-administered licensing exam tend to command more than those who are unlicensed.

To qualify for training, applicants must be at least 18 years of age, be drug-free, have stable housing, have a clean criminal background, have access to reliable childcare, and be able to read on an eighth-grade level. They also are required to pass a physical examination. Priority is given to low-income applicants and mid-life career changers. An interview with VNA staff is required.

“The face-to-face interview helps us to determine such factors as the applicant’s level of maturity, how self-directed, disciplined, and independent they are, and if they’re medically and emotionally ready to deal with the demands of the job,” says Training Counselor Nadia Purnell. Applicants who cannot read on an eighth grade level are referred to local literacy programs where they can be brought up to speed. “We keep the door open. Whenever applicants reach that level, they’re welcome to come back,” she said.

“This training presents an opportunity to gain a real foothold on employment because the demand is so great for skilled workers,” says Larry Givens, executive director of the EZDC. It is also a launching pad, he says, for higher paying professions up the healthcare career ladder such as licensed practical nurse, nuclear medical technician, or administrator.

To date, VNA has provided education, training, and employment to more than 300 people.

For more information on the VNA training program, contact Nadia Purnell, VNA training counselor, at **(800) 882-5720**. For more information on the programs of the Detroit EZ, contact Executive Director Larry Givens at **(313) 872-8050**.

Faith-Based Furniture Factory Builds Skills of Homeless in El Paso EZ

El Paso, Texas, EZ

“Our business is a little different from most,” notes the Web site of *Rescue Furniture*, a faith-based enterprise in the El Paso EZ. “We are not in business to see how much money we can make. We insist on hiring only homeless persons, and we give hiring preference to the most disabled persons that we can find.”

In June 2003 El Paso’s Rescue Mission created Rescue Furniture to provide employment for homeless persons while teaching them marketable woodworking job skills. Rescue Furniture opened with an annual budget of about \$120,000—reflecting wages for four laborers, a shop foreman, shop equipment, office equipment, and overhead, not including lumber costs. The project submitted a grant request to the El Paso EZ that met the EZ’s parameters of a 1:5 leverage ratio. The EZ approved a grant of \$26,172.

Rescue Mission envisioned also that the new furniture factory would create superior quality products that would change public perception about the work that homeless persons are capable of achieving. Today Rescue Furniture manufactures heavy-duty all-wood bunk beds, single beds, three- and four-drawer chests, and bedside tables. The products are attractive, economically priced, and durable. Potential customers include consumers, local retailers, other missions and shelters, and government agencies.

All Rescue Furniture workers are recruited from residents in the homeless shelter in the El Paso EZ. Most of the workers are recent graduates of the mission’s 13-week drug and alcohol treatment program. Of the eight employees building furniture, six

are doing so well that they have been able to get their own homes or apartments in the community. Another employee has gone on to employment with a company in El Paso, receiving a pay boost to \$8 per hour instead of the \$5.50 per hour wage at Rescue Furniture.

The Rescue Mission, a faith-based group, was established in 1952 to address the needs of the homeless in El Paso County. Over the past 15 years, the organization has transformed itself from a provider of food, clothing, shelter, and counseling for a temporary stay into a provider of services to help homeless persons obtain stable housing, develop full wage-earning potential, and reintegrate into society.

For additional information on Rescue Furniture, please visit the Web site at www.rescuefurniture.org or call Blake Barrow at (915) 532-2575. For more information on the programs of the El Paso EZ, please call Executive Director Phyllis Rawley at (915) 351-1680.

EZ Helps Fund Training for High-Skill, High-Demand Jobs

El Paso, Texas, EZ

“Thanks in part to the Empowerment Zone and *Project ARRIBA*, which believed in me, I was given an opportunity of a lifetime ... to return to school and receive a college degree,” said Norma Melendez, a resident of the El Paso EZ. Displaced from a high-paying job in 2002, Melendez is a single parent of two school-aged children with special needs.

Project ARRIBA (Advanced Retraining & Redevelopment Initiative in Border Areas) provides quality job training in El Paso County, where unemployment hovers at almost double the national average. ARRIBA’s mission is

to provide long-term, high-skills training and case management services to eligible residents to enable them to qualify for jobs that pay a living wage and benefits. The training also stresses the importance of life skills needed in the business sector including time management, establishing a good work ethic, showing responsibility, developing good communication skills, and demonstrating an ability to think critically. The program works with participants and their employers after job placement to help ensure job retention.

Believing that investing in human capital is economic development that works, the El Paso EZ has supported Project ARRIBA for more than 2 years with a \$250,000 grant for July 2001–October 2002 and another \$250,000 grant for September 2002–July 2005. ARRIBA has contracted with the EZ to graduate and place 50 EZ residents in jobs.

Since its inception in December 1998, ARRIBA has graduated 127 participants into high-demand occupations that are typically filled by people from outside the community. The average wage for program graduates who gain employment is more than \$14.50 per hour, or \$30,000 per year. These occupations offer benefits and career paths.

Project ARRIBA sponsors more than 250 program participants in long-term training in the allied health and information technology fields. The program aims to help alleviate the critical shortage of healthcare professionals in the EZ. The overall program retention rate is more than 80 percent.

The typical ARRIBA participant is a 33-year-old Hispanic woman, married with two children, who receives government assistance in the form of TANF, food stamps, or both. More than 51 percent fall at or below the poverty level. Participants excel in the classroom with 63 percent maintaining a 3.0 cumulative grade point average or better.

“I will finish school in May 2005 as a registered nurse,” Melendez said. “I will be able to pay back the community by staying in El Paso and becoming a contributing taxpaying citizen of our society again. I will be able to set an example not only to my small children but also to the rest of the community and demonstrate where there is a will there is a way.”

For further information on Project ARRIBA, please visit its Web site at **www.projectarriba.org** or contact Kathy Cox, CEO, at **(915) 843-4055**. For more information on the programs of the El Paso EZ, please contact Executive Director Phyllis Rawley at **(915) 351-1680**.

Mott Initiative Opens Allied Health Careers to Flint RC Residents

Flint, Michigan, RC

The *Flint Healthcare Employment Opportunities (FHEO) Project*, an initiative of the Charles Stewart Mott Foundation, is bringing new job-training opportunities to residents of the Flint Renewal Community while addressing a local shortage of skilled labor in the allied health field.

In 2000 Mott initiated the FHEO Project with a grant to the National Economic Development and Law Center. Research found that the healthcare industry in Genesee County, Michigan, was experiencing both a high attrition rate among entry-level healthcare workers and a labor and skills shortage among allied healthcare positions. At the same time, residents of the Flint RC, an area of high unemployment and low income, represented an untapped source of potential employees.

Addressing these factors, the FHEO Project works with healthcare employers to restructure hiring, retention, and promotional

practices for entry-level healthcare workers to help reduce attrition rates, facilitate career advancement, and improve employment opportunities in healthcare for residents of the Flint RC.

The Flint RC was involved in the research, analysis, planning, and implementation phases of the FHEO Project. RC staff conducted focus group sessions to determine healthcare employers' employment needs as well as potential interest in participating in the FHEO Project. RC staff served on the project implementation committee to ensure that RC residents receive continued access to services.

The Mott Foundation will provide \$400,000 in yearly funding for the FHEO Project through June 2005. A related Mott program awarded \$120,000 over a 5-year period to assist FHEO graduates in continuing their education and moving up the healthcare career ladder. The Community Foundation of Greater Flint contributed a 1-year grant of \$40,000 to fund a position to maintain regular contact with employers and FHEO graduates to address workplace issues and to develop new partnerships with other healthcare employers. The Greater Flint Health Coalition is the lead agency for the project.

FHEO has offered six training classes to date, with the first class of graduates completing training in January 2003. Participants receive 3 weeks of professional, attitudinal, and life-skills training; a mentorship program; WorkKeys® skills assessment of mathematics; and training in locating information, observation, and reading skills. The program also provides 2 years of case management. Other initiative components include training for those who supervise entry-level employees, certified nursing assistant training, and training and career assistance for incumbent healthcare workers living in the RC.

By April 2004 the FHEO Project had already yielded impressive results: 90 participants had completed the 3 weeks of life-skills training; 42 participants were employed in healthcare jobs; 8 participants were employed in non-healthcare jobs; and 13 were enrolled in college for nurse aide training.

For more information on the programs of the Flint RC, please contact RC Manager Nancy Jurkiewicz Rich at **(810) 341-1499**.

Community College in Flint RC Trains Residents for Employment

Flint, Michigan, RC

Housed at the Sylvester Broome Center in the heart of the Flint Renewal Community, the *Mott Community College (MCC) Workforce Development Department* offers a variety of affordable educational and employment training services to local residents who are unemployed or underemployed.

The Flint RC, designated by HUD in January 2002, is a committed partner of the college's workforce training. The RC helped MCC identify funding opportunities and participated in regional planning efforts to assess workforce needs, types of jobs available, and effective job-training services.

MCC's partnership with the local workforce development board and Michigan Works! offers services in vocational and academic assessments, computer and employment training, and job placement.

MCC operates a Workforce Investment Act (WIA) program, an adult worker program, a dislocated worker program, an Incumbent worker program, and a year-round youth program. These programs offer educational/career assessments; resume development; employment assistance; and training in computer, literacy, and teamwork skills.

Participants placed in jobs receive support services for up to 90 days, which include transportation services, uniforms, and child-care services.

As many as 100 WIA participants secured employment in 2004. The WIA program “Helped me to obtain employment and to develop and focus on my goals,” said Narisis Coleman, a WIA-Youth-program participant who found a job as a lunch aide at a Flint elementary school. Prior to coming to MCC, Coleman was unemployed and enrolled to obtain her GED.

A relatively new certificate program is MCC’s Assisted Living/Direct Care Worker Job Opportunity program, which prepares participants to provide direct care and CPR to individuals in assisted living, private homes, or group home settings. Since its inception in May 2003, 31 students have graduated and 27 of the graduates are now employed.

Angela Colen, 41, a recent graduate of the MCC Direct Care program, is now employed at a resident adult care facility. She enjoys working with the elderly to make sure their needs are met and, more importantly, they receive companionship.

Before coming to MCC, Colen was an unemployed college graduate with an accounting degree who had difficulty finding a job. Colen’s story demonstrates how program staff overcome multiple barriers to employment. Because she had been unemployed for a long period and lacked money for class fees, staff helped Colen secure financial assistance. The staff also helped her secure housing and helped resolve a situation with unpaid tickets that had deprived Colen of her driver’s license. Direct Care staff worked with Colen and the court to develop an agreement that allowed her to satisfy the debt through community service at MCC.

“The staff was always very resourceful in helping me work out problems and barriers,”

said Colen. “I couldn’t have done it without them.”

For more information on the MCC Workforce Development Department, please contact Robert Matthews of Mott Community College at **(810) 785-3300**. For more information on the programs of the Flint RC, please contact RC Manager Nancy Jurkiewicz Rich at **(810) 341-1499**.

EZ Tapped to Recruit Staff for New Bennigan’s Restaurant in Gary

Gary/East Chicago/Hammond, Indiana, EZ

When *Bennigan’s Restaurant* opened its doors in Gary in May 2003, almost all of the waiters, cooks, managers, and other staff were residents of the Gary/East Chicago/Hammond EZ—and had been recruited and placed in their Bennigan’s jobs by the EZ itself.

When planning the new restaurant, Bennigan’s owner Larry Briski was committed to hiring EZ and other local residents from Gary and East Chicago. Gary Mayor Scott L. King sought the assistance of the EZ to find these workers. EZ staff took on the assignment of filling more than 125 positions, including managers, servers, hosts, hostesses, bartenders, cooks, and buspersons.

The EZ conducted numerous job-readiness seminars and hosted a job fair at the Genesis Convention Center in April 2003, which 238 applicants attended.

Currently 96 percent of Bennigan’s staff are EZ residents. Briski has received EZ employment tax credit for each EZ resident hired—a total of approximately \$200,000. The EZ wage tax credits are worth up to \$3,000 to

EZ business owners for each employee who lives in the EZ.

For more information on the programs of the Gary/Hammond/East Chicago, Indiana, EZ, please contact Venus Cobb, EZ executive director, at **(219) 886-9047**.

EZ Transportation Grant Gives Residents Lift to Work

Gary/Hammond/East Chicago, Indiana, EZ

If you cannot get to work, you cannot work.

With this fact and some hard data in hand, the East Chicago Housing Authority Community Services director approached *United Parcel Service (UPS)* with a plan to provide transportation for East Chicago residents to jobs at the UPS facility in Hodgkins, Illinois. The project was made possible in part by a 2002–03 grant of \$116,200 by the Gary/East Chicago/Hammond EZ.

The transportation program is a collaboration between the city of East Chicago, East Chicago Community Foundation, and the Urban Enterprise Association. The partnership and grant reinforce the EZ's mission to create jobs for the EZ residents.

Approximately 75 EZ residents used PACE Transportation to help them get to the UPS facility.

"This is a win-win situation because we are providing employment opportunities to top-notch individuals," said Dan Bujos, UPS program director.

For more information on the programs of the Gary/Hammond/East Chicago, Indiana,

EZ, please contact Executive Director Venus Cobb at **(219) 886-9047**.

EZ Partnership With WorkOne Provides Job Training and Placement

Gary/East Chicago/Hammond, Indiana, EZ

The Gary/East Chicago/Hammond, Indiana, EZ has formed a partnership with *Workforce Development Services (WFD)* to create a dynamic job-training and work experience program for EZ residents. Started in January 2004, the program is called "A New Year a New YOU—Empowerment Through Employment."

An EZ grant of \$760,000 provides scholarships for skills assessments and vocational training for EZ residents through WorkOne Centers in Gary and East Chicago.

Participants are taken through a vigorous 6-week job-readiness training. Participants who successfully complete the job-readiness portion move into a 3-month work experience and vocational certification training, made possible through established relationships among the EZ, WFD, and area employers. Participants gain work experience in a particular area of experience or interest, building specialized skills.

Currently, 27 individuals are participating in training. The program has graduated 16 EZ participants with a 100-percent placement and retention rate.

For more information on the programs of the Gary/Hammond/East Chicago, Indiana EZ, please contact EZ Executive Director Venus Cobb at **(219) 886-9047**.

EZ Funding Supports Employment Training for At-Risk Youth

Huntington, West Virginia/Ironton, Ohio, EZ

Operating out of an old high school renovated through a \$650,000 grant from the Huntington/Ironton Empowerment Zone, the Cabell County Youth Empowerment Program in Huntington, West Virginia, is making a big difference in the lives of local school dropouts.

The EZ uses city of Huntington Community Development Block Grant and the Federal Workforce Investment Act to fund the operations of the *Youth Empowerment Program (YEP)*. The program helps school dropouts ages 14 to 21 who are deficient in job skills get into the workforce. The EZ has provided about \$60,000 during the 3 years of the program's existence.

The youth program also helps local businesses. YEP subsidizes businesses to hire program participants, thereby providing at-risk youth with the job skills and training they need to prosper. Participating businesses gain the opportunity to train future employees at no cost and have the satisfaction of making a difference in individual lives. In addition, businesses located in the EZ can receive a \$2,400 Work Opportunity Tax Credit and an annual \$3,000 EZ employment tax credit for each student they hire who resides in the EZ. Program directors worked with the EZ to form mutually beneficial alliances with more than 16 local businesses.

The highly successful program moved in January 2003 into new housing in Huntington's once-abandoned Frederick Douglass High School building, now an office building. The renovated facility, which offers a state-of-the-art computer lab and onsite access to many other types of educational

and vocational training, was transformed through a 2001–02, \$650,000 EZ grant.

One component of YEP, a 6-week woodworking class, recently received statewide recognition for its work. In February 2004 three woodcraft items produced in the class were juried and accepted by Tamarack, a shop that showcases West Virginia handcrafts, culture, fine art, regional cuisine, music, and heritage.

"Congratulations and welcome to Tamarack," announced Ron DeWitt, artisan services coordinator at Tamarack. "You are now the best of the best of West Virginia. We love your coaster set, cutting board, and game board. We have determined that they meet or exceed our standards for craftsmanship, creativity, and quality."

For more information on the programs of the Huntington/Ironton EZ, please contact Executive Director Cathy Burns at **(304) 399-5454**.

Miami EZ Funds Training in Computer-Assisted Design Software

Miami-Dade, Florida, EZ

Residents of the Miami-Dade EZ are learning the skills of computer-assisted architectural design and drafting, thanks to an agreement between CADD Centers of Florida and the Miami-Dade Empowerment Trust, which administers the EZ. Under the agreement, signed in March 2001, CADD Centers have conducted six 14-week sessions to date of Autodesk Authorized Training in the EZ, graduating 60 trainees.

"On several occasions we had to request permission from our program directors to increase the class size to accommodate the high demand for our training," said instructor Alvaro Menendez. "That alone is testament to the need for our program." CADD

assigned two instructors and one coordinator to the EZ-funded trainings. Successful trainees become employable in jobs that pay \$10 to \$15 per hour.

Autodesk is a manufacturer of computer-aided design software, needed in industries such as building, manufacturing, infrastructure, digital media, and location services. CADD is the only dealer in Florida certified to train in all five areas of Autodesk software: architectural design and drafting, civil design and land development (including survey), mechanical design and drafting, graphic information systems, and animation and visualization.

Training is conducted on the latest Autodesk Certified Courseware. After passing each step, students move on to the next plateau to learn even greater skills. Trainees can move on to internships at commercial firms and government agencies, getting experience in real-world applications and work habits.

To fill a lively demand among companies looking for skilled drafters and designers, CADD refers its trainees to opportunities as independent contractors. Many government projects require minority participation and most trainees from the EZ fall into that category.

CADD assists those who wish to become independent business people to set up operations—providing hardware and software and assisting graduates with marketing, planning, and running a business. CADD helps these entrepreneurs market their services to business and government enterprises and maintain the currency of their skills through ongoing technical support. CADD’s ongoing training in the EZ produces a pool of skilled labor that these entrepreneurs can hire and mentor.

“This is a really unique and exciting program because not only are we providing people with the educational tools to prepare them for a career, but we are also creating entrepreneurs with the potential to be extremely profitable,” affirmed Bryan Finnie, president and CEO of the Empowerment Trust.

For more information on CADD Centers of Florida, call Richard Neiman, president, at **(954) 772-7300**. For more information on programs of the Miami-Dade EZ, call EZ Director Aundra Wallace at **(305) 372-7620**.

Focusing Regional Employment Resources on EZ Resident Needs

Miami-Dade, Florida, EZ

“We knew that our economic and community development efforts were creating job opportunities, but we needed to ensure that Empowerment Zone residents were properly trained and aware of these opportunities,” explains Bryan Finnie, president and CEO of the Miami-Dade Empowerment Trust, which administers the EZ. “That’s where this concept was developed.”

To solve this problem, *South Florida Employment and Training Consortium (SFETC)* and the Empowerment Trust designed a program to identify and link EZ residents to the committed jobs in the strategic plan by marketing SFETC services to EZ residents. The program featured training and employment opportunities specifically for EZ residents in targeted industries.

SFETC administers \$40 million in training and employment funds and serves 18,000

individuals annually in Miami-Dade County. Although SFETC operates 14 One-Stop Centers in or near EZ neighborhoods, the trust saw its services as underutilized. Many EZ residents qualified for SFETC programs but were unaware of the opportunities.

In April 2000 the Empowerment Trust's Board of Directors authorized a scope of services with SFETC for a contract to expand the Career & Pathways Strategy of the EZ strategic plan and ensure that EZ residents have access to available services. The contract required SFETC to place 500 EZ residents into jobs. By joining forces with SFETC, the EZ leveraged Federal dollars with Florida Department of Labor, Department of Children and Families, and other sources to provide a complete battery of programs to EZ residents.

SFETC met all its objectives under the contract and the next step was to involve the EZ neighborhood assembly chairs in the structuring of the job placement process. SFETC met with the assembly chairs to resolve issues concerning the monitoring of service providers and the retention rate of EZ residents placed in jobs. As a result of the meetings, SFETC developed a request for proposals that would target customized training for EZ residents, require the agents for the customized training to be among the region's approved training agents, require service providers to locate in the EZ where they will serve, require a track record of successfully serving EZ residents, and state the number of placements to be achieved within each community within EZ.

For more information on programs in the Miami-Dade EZ, please call EZ Director Aundra Wallace at **(305) 372-7620**.

Good News Garage Gives PreOwned Cars to Hard-Working EZ Commuters

New Haven, Connecticut, EZ

Barbara Fair, a resident of the New Haven EZ, needed her own car to get to work. She thought she could handle the gas, maintenance, and insurance costs on her budget, but knew she could not afford the car payments. That is where Empower New Haven and the *Good News Garage* made a life-changing difference. Fair got a preowned car for free. She loves the car and her employer loves the fact that it is no longer a hassle for Fair to get to work. The first recipient of a car from the Good News Garage, Fair drove her car off the lot in January 2003.

"We want to provide relief for EZ residents who have transportation difficulties as a barrier to employment," said Althea Marshall, Empower New Haven president and CEO. "This will help them maintain employment and reduce absenteeism and tardiness."

The Good News Garage opened in New Haven on January 17, 2003. Operated by Lutheran Social Services of New England, its activities are largely funded through a \$300,000 grant received in 2002 for operations from the New Haven EZ. By early September 2004, 92 EZ residents had received roadworthy used cars through the program.

The New Haven Good News Garage is housed in St. Luke's Church under the auspices of the St. Luke's Development Corporation. Other New Haven partners in the project include the departments of correction, labor, motor vehicles, and social services, as well as the Northeast Utilities Foundation. Other Good News Garage programs are located in Burlington, Vermont;

Sturbridge, Massachusetts; Manchester, New Hampshire; and Hartford, Connecticut.

Shortly after New Haven received its EZ designation in 1999, Empower New Haven's neighborhood committees began to consider obstacles to EZ residents in getting transportation to work. After researching a number of programs, Empower New Haven, which administers the EZ, contacted the Good News Garage program, impressed by its demonstrated past success.

Car owners donate used vehicles to Good News Garage and receive a tax credit based on the blue book value of the vehicle. The garage then evaluates whether the vehicle can be made operational for less than \$1,000. Good News Garage also subcontracts with mechanics and test drives the cars.

The cars must pass safety and emissions inspections and successful applicants must have good driving records, be employed, and be earning enough to maintain a car.

In April 2004, at the 30th Annual Community Development Block Grant Recognition Day, Empower New Haven received a peer excellence award on behalf of the city of New Haven and the Good News Garage. The Connecticut Community Development Association and the city of Hartford cosponsored this event. The award recognized the EZ's outstanding service in the field of community development.

The EZ hopes to be able to fund an extension of the program.

For more information on the programs of the New Haven EZ, please contact Althea Marshall of the EZ at **(203) 776-2777**.

Environmental Training To Provide Jobs, Redevelopment Opportunities

Oklahoma City, Oklahoma, EZ

In an effort to reclaim contaminated land within the Oklahoma City, Oklahoma EZ's borders, the city's office of workforce development will use an EPA Brownfields Job-Training Grant to prepare 110 EZ residents for careers in environmental remediation. The restoration of brownfields not only removes community eyesores, it also opens up opportunities for economic development. The EPA defines brownfields as "real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant."

To become certified each trainee will receive 40 hours of instruction in both hazardous waste operations and emergency response and hazardous materials training (HAZMAT). An additional 16 hours of clandestine methamphetamine laboratory cleanup and 8 hours of confined space training are included in the program.

Potential trainees must be in good health, like to work outside, and be willing to work on an on-call basis. Many of the EZ residents accepted into the program can anticipate additional income as potential wages in the environmental remediation field are generally higher than average wages in Oklahoma.

"This is an excellent opportunity for training, at no cost to the students, that can contribute to our community by cleaning up our environment," says Oklahoma City Councilwoman Willa Johnson, who represents part of the EZ. "This program will add to the economic development of our city through a well-trained available workforce," she says.

Councilwoman Ann Simank, whose district includes a part of the EZ, concurs, “Our city has become a vibrant jewel, and many other cities are looking to Oklahoma City for guidance. This training program will significantly impact the well-being of our citizens whose goal is self-sufficiency.”

For more information on the programs of the Oklahoma City EZ, contact Russell Claus at **(405) 297-1628**.

One-Stop Job and Education Centers Help EZ Residents Gain Diplomas

Santa Ana, California, EZ

As he walked the streets of Santa Ana, California’s EZ, looking for work, Orlando Roman feared he would find himself in another dead end job. But a chance meeting with a member of the Orange County Conservation Corps put Roman on a new path, one that included a college degree.

After learning that he could work for the *Orange County Conservation Corps* for minimum wage plus receive transportation, job training, and a high school diploma, Roman was ready to give it a try. In August 2003 the 24-year-old Mexican immigrant used his enhanced English skills to deliver a speech to his fellow graduates. A college scholarship awaited him.

The Santa Ana EZ has established several goals, chief among them finding sustainable jobs for 5,000 residents by 2009 and applying for grants for training and education. The Conservation Corps is one of 10 groups assisting with this endeavor. Judy Chen-Lee,

director of the Santa Ana WORK Center, said case managers at the 10 neighborhood sites will tailor training to each individual. “We are looking at the person’s overall need,” she said. “Our hope is that we will not only help get jobs but make sure they can advance.”

The Conservation Corps, a nonprofit organization serving people ages 18 to 26, offers help with everything from writing a résumé to learning English to dressing for work. The group offers one-stop shopping. “Everything is here,” said Roman.

Having dropped out of high school to support his family, Roman tried night school. But his work schedule and reliance on public transportation made it difficult to get to class. Roman’s Corps schedule includes time for work and school. A van picks him up at 6:45 a.m. and takes him to his job site. In the afternoon he returns to the Corps office for class until 4:15 p.m. Fridays are devoted to studies, including public speaking and computer skills.

Roman turned down a \$12-an-hour construction job in favor of his \$8.75 Corps job because it allowed him greater flexibility in starting college. “He understands the importance of education and lining himself up with a good job,” said Gaby Gonzalez, director of Conservation Corps member development.

In late summer 2003, 800 EZ residents began receiving free personalized job-placement assistance. The zone planned to spend \$1 million for the year to offer the program to adults eligible to work.

For more information on the programs of the Santa Ana EZ, contact EZ Director Deborah Sanchez at **(714) 647-6548**.

Nojaim Brothers Market Helps Local Youth Learn Job Skills

Syracuse, New York, EZ

Having started with 10 neighborhood youth, this private-sector job-training program now operates year-round and serves 28 young people in the Syracuse, New York, EZ. Utilizing Work Opportunity Tax Credits (WOTCs), *Nojaim Brothers Market* has created a youth workforce development program that exemplifies how companies can use EZ tax credits as real dollars to fund job-training initiatives.

For 85 years the Nojaim Brothers Market has been located in the same neighborhood, one ranked among the poorest in the city's 1990 census. When Paul Nojaim—the third generation to lead the market—took over the family business he was intent on continuing his family's commitment to community. As he looked around, Nojaim was struck by the number of young people in his community being lost to violence and hopelessness.

Upon learning of the neighborhood's designation as a New York State Empire Zone (specially designated areas throughout the State that offer special incentives to encourage economic and community development) and a Federal EZ, Nojaim realized that the tax benefits from the EZ program could create a pool of funds to support a training program for the market's young employees. "We wouldn't have had a program without the Empower-

ment Zone tax benefits," he said. Nojaim calculated the amount of wage and WOTC credits available and then rolled the funds back into the business to finance the training program.

The training program includes life skills, community service, and job preparedness. Young people in the program develop interpersonal communication skills and learn personal responsibility. They are held accountable for being on time and for performing specific job duties to the best of their ability. Money management and profitability—key to success in the business world—are stressed.

Seeking to enhance the youth job-training experience, Nojaim Brothers Market invited a local media company, Clear Channel Entertainment, to introduce program participants to careers in the entertainment industry. The youth take career field trips and learn about careers in the music and advertising industries and they meet with DJs and recording artists. When Clear Channel sponsors events, the young people are invited to attend. They learn, however, that nothing is free. They might, for example, be asked to help set up and break down stages, hang banners, stuff envelopes, or clean up after events. These activities reinforce what they learn in the program.

For more information on the programs of the Syracuse EZ, contact EZ Director Kurt Roulston at **(315) 448-8062**.



DestiNY USA will be an 800-acre waterfront resort in the Syracuse EZ with 75 million square feet of dining, shopping, entertainment, hospitality, and recreation venues. (page 105)

*Job Creation, Training, and Assistance ****



A Detroit EZ grant to Operation ABLE helps to provide job skills to EZ adults. (page 93)



NuBlend Paints has created local job opportunities thanks to a Cincinnati EZ grant. (page 91)



A \$300,000 Detroit EZ grant to the Visiting Nurses Association helps train 60 local residents as nurse's assistants. (page 93)



The Work Initiative Program, funded by the Columbia-Sumter EZ, teaches marketable skills to EZ residents. (page 92)

Job Creation, Training, and Assistance ★★★



An El Paso EZ grant helps Project ARRIBA provide employment training to EZ residents. (page 95)



The Cabell County Youth Empowerment program, funded by the Huntington-Ironton EZ, provides job training for local youth. (page 100)



The Flint RC maintains a partnership with the Mott Community College Adult Worker Program. (page 96)



The Nojaim Brothers Market uses Syracuse EZ wage credits to find a workforce development program to provide job skills and life skills to area youth. (page 105)



The Gary-Hammond-East Chicago EZ sponsored job seminars to help the owners of a new Bennigan's Restaurant employ several EZ residents. (page 98)



Spotlight on Results

SECTION 4



Families Improving With Community Services and Development



The Renewal Communities (RCs) and Empowerment Zones (EZs) need more than business and job growth to become healthy communities. This is why a key principle of every EZ strategic plan is to promote sustainable community development in the designated areas. Since 1994 EZ leaders have been providing this sustained development by helping to improve education and healthcare services, improve public safety, promote environmental preservation, and provide other services.

The RCs also are committed to holistic approaches to local development. The course of action, which is a key part of each RC's tax incentive utilization plan, requires the RC to promote development efforts such as local crime-reduction strategies and to facilitate support services for residents in such areas as childcare, afterschool care, and local transportation and to provide other services that help RC residents become self-sufficient.

The annual reports that RCs and EZs submit to HUD identify many successes in providing vital community services and development for local residents and families. These reports show that since 1994 the urban EZs have conducted 120 crime-prevention and public safety programs for more than 350,000 residents, rehabilitated 70 local playgrounds for the benefit of 200,000 children, created nearly 250 K–12 school programs to assist almost 100,000 children and young adults, and performed hundreds of other vital community development services for hundreds of thousands more EZ residents.

The RCs do not receive Federal grants to provide community development services for local residents, yet they have been successful in providing these services locally. In Chattanooga, Tennessee, for example, the RC and the city of Chattanooga created a crime-reduction strategy by constructing two police precincts in the RC; by receiving a U.S. Department of Justice Weed and Seed grant; increasing police presence in the RC; and by implementing an Officer Next Door program, which provides housing assistance to recruit police officers as homeowners in the RC.

In west-central Mississippi, the RC utilized funds made available through the Mississippi Legislature to the Nissan North America project to help construct a new workforce development training center and provide job-training classes for RC residents. In 2002 the city of Milwaukee adopted a zoning ordinance to give limited use to family daycare homes. This change allows family daycare homes to operate in the RC without board of zoning appeals approval as long as they meet certain conditions such as specific hours of operation.

This section of the publication showcases the successes of RCs and EZs in providing important community development services for local residents and families. We know that you will enjoy reading these successes and we hope that your community can emulate some of these successes. If you would like additional information on any of the stories in this section, call the RC or EZ directly using the contact information that appears at the end of every story.

Community Services and Development

New York RC Takes to Airwaves

Buffalo-Lackawanna, New York, RC

"On the day of the taping, we arrived at the studio only to learn the host had been called to jury duty," recalled Bonnie Kane Lockwood, coordinator for the Buffalo-Lackawanna RC. "No host, no show—unless one of us was willing to take over as interviewer."

Reminding herself that the RC is about "marketing the opportunity," Lockwood seized the opportunity to host the half-hour talk show herself, posing questions to the scheduled guests: a local IRS representative and the New York State Department of Labor director. Lockwood's planned one-time TV appearance on government access Channel 22 has now become a regular show that is taped monthly and runs twice a week. The show, "Buffalo-Lackawanna Renewal Community Presents," features tax and labor experts, representatives from businesses eligible for RC tax incentives, activists with community-based organizations, and other guests.

"We have discussed everything from Weed and Seed programs to new daycare centers and renovated buildings in the downtown core," comments Lockwood. "We even featured a HUD representative who discussed Federal programs and support available from the local office. There is no shortage of

potential panelists and information available."

The show is produced at no charge at the Apollo Media Center, a former abandoned movie house located on Jefferson Avenue in the heart of the RC. Community activists with a vision rescued the Apollo in the 1990s. Today the Apollo is a state-of-the-art community-based telecommunications facility with a small business outreach center staffed by the Buffalo Economic Renaissance Corporation. Buffalo-Lackawanna RC staff held a tax incentives workshop for local businesses at the facility in March 2004.

"The Apollo Media Center is a community asset in an eligible census tract," Lockwood commented. "It certainly adds to the sense of connection and partnership we are building to be able to use it to promote what is happening and what is needed in the Buffalo-Lackawanna Renewal Community."

Lockwood added, "We are always looking to increase our ratings, so if you are ever in town, turn on Channel 22 and you just might catch the next episode of "Buffalo-Lackawanna Renewal Community Presents!"

For more information on the programs of the Buffalo-Lackawanna RC, please call Lorrie Abounader at **(716) 842-6923**.

"Invest in Camden Day" Develops Business Community Following

Camden, New Jersey, RC

"If we had held 'Invest in Camden Day' 2 years ago, we could have held it in a phone booth," says former New Jersey Governor James E. McGreevey. "Today each of you is part of a standing-room-only crowd of developers, architects, lenders, and community leaders who want to know, 'How can I get in on the action?'" And action there has been,

with more than \$1.2 billion in new development having been pledged or underway in the Camden RC.

“For the past 2 years we have been laying the foundations to build a better New Jersey. There is no better place to see what our successes mean than right here in Camden,” McGreevey told some 500 attendees during the “Invest in Camden Day” conference held at the city’s Tweeter Center in January 2004.

Sponsored by the Economic Recovery Board for Camden, the New Jersey Economic Development Authority, the Chamber of Commerce of Southern New Jersey, and the Camden Redevelopment Agency, the conference was designed to help developers, lenders, business owners, and nonprofit organizations explore the many ways to invest in Camden. Attendees heard how the Camden city government was revamped to aid redevelopment efforts and learned about RC tax incentives and other resources available to support and leverage private investment.

The centerpiece of Camden’s renewal is the State’s commitment of \$175 million to attract private investment, create jobs, and energize the city’s economy. That initiative generated \$135 million in private investments that will bring new offices, restaurants, and retail to the waterfront. “They will be joining a solid list of corporate neighbors who have been part of Camden’s history and will be part of Camden’s future. Companies like L-3, a legacy GE company with a long-time presence on Camden’s waterfront, and Campbell Soup, which has been investing in this great city since 1869,” said McGreevey. “And that’s just the beginning. Drawn by this new sense of purpose, other employers are moving into the city of their own accord.”

Recent milestones in Camden’s RC include a December 2003 announcement that Cherokee Camden planned to invest \$1 billion to create a 450-acre mixed-use community in the city’s Cramer Hill section, with retail space, a golf course, and 5,000 new homes, including affordable housing. The new retailers will be eligible for such Camden RC tax incentives as the RC wage credits, \$12 million in Commercial Revitalization Deduction allocations, Increased IRS Section 179 Deductions, and zero-percent capital gains provisions on the sale of RC assets. “Camden is exceeding all our expectations and providing a model for urban redevelopment that we can reproduce throughout the State,” McGreevey said.

For more information on the programs of the Camden RC, contact Darrell Staton of the RC at **(856) 365-9061**.

Chattanooga Experience Puts RC on Fast Track to Development

Chattanooga, Tennessee, RC

Fueled by broad citizen participation, a city-wide vision, and aggressive leadership, “The Chattanooga Experience” has been heralded as one of the best public-private partnerships. Since 2002 the Chattanooga, Tennessee, RC has been a key component in the city’s renaissance.

Visioning and planning for the city’s revival began in the early 1980s with a plan that focused on development of the underutilized riverfront. Leading the city’s recent downtown development efforts is the \$120 million 21st Century Plan, which includes expansion

of the Tennessee Aquarium and redevelopment of the north and south shores of the Tennessee River, among other things. Of the funds, \$69 million came from the public sector (80 percent from a hotel-motel tax paid by visitors to the city) and \$51 million from the private sector.

Where the 21st Century Plan ends, the RC begins. Since its inception, the RC program has awarded \$24 million in Commercial Revitalization Deduction (CRD) allocations to developers of 17 construction and rehab projects, with a 5-year projected return on investment of 600 new jobs and more than \$112 million in building costs and employee wages.

“Through the Renewal Community program, Chattanooga has been able to put in place tools that are resulting in new investment in our city’s core and creating jobs for our citizens,” says Mayor Bob Corker. In addition, Corker created The Enterprise Center, which oversees 14 federally funded programs (including the RC) aimed at technology and business development and job growth.

In the central business district, business owners are participating in a Main Street-inspired revival of downtown. Eight building projects—ranging from construction of a hotel to renovation of a historic theater—have received CRD allocations.

“It certainly allowed me to pursue a bigger project than I otherwise would have been able to do,” says Morgan Adams, an attorney who is renovating a former liquor store and boarding house into law offices, apartments, and retail development. “There’s no question in my mind that the development of my building, which is in a rundown row, will make all the other projects on the block viable,” he says.

In the Martin Luther King community there has been a major expansion of the University of Tennessee at Chattanooga, a \$28 million

investment in 100 new and renovated housing units, creation of a mile-long greenway, and a planned \$100 million investment in commercial development.

In the Southside, construction of a new elementary school, renovation of a high school, new housing developments, and redevelopment of a major brownfield site have spurred commercial growth. Seven projects received CRD allocations.

“The RC incentive made the price and the project worthwhile,” says John Clark, one of four developers that renovated a 1924 former bread factory, turning it into residential and commercial lofts. In addition to the CRD, owners took advantage of the PILOT (Payment in Lieu of Taxes) program, which allows developers of new housing in the downtown area to lock in on property taxes for 12 years.

In Alton Park demolition of one of the largest public housing complexes is making way for a \$35 million HOPE VI development. Some 400 new single-family and multifamily homes and an adjacent First Tee golf course are fueling commercial development here. The city-initiated brownfields program seeks Federal support for reclaiming these hazardous sites for future commercial development. A CRD allocation was recently awarded for the development of warehouses on land adjacent to brownfields.

“Chattanooga has been very successful in using whatever Federal resources were available to leverage private investment,” said City Councilman Ron Littlefield. “Anytime you restore health to a part of your community, it has a positive effect elsewhere.”

For more information on the programs of the Chattanooga RC, contact RC Manager Maria Noel at **(423) 425-3770**.

Neighborhood Rallies To Create Health and Education Center

Chicago, Illinois, EZ

The *Austin Wellness and Educational Center* owes its existence to the surrounding community. From groundbreaking to ribbon-cutting, local residents helped shape nearly every aspect of this new facility in the Chicago EZ.

With a \$2.5 million EZ grant, Westside Health Authority set out to construct a new healthcare facility in the Austin community, a traditionally underserved area on the west side of Chicago. From the outset, the community was involved. Area residents raised \$60,000 for the center through grassroots fundraising events such as Friday night fish fries and a gospel fest. Most impressively, more than half of the participating contractors were neighborhood residents.

African-American contractors comprised 55 percent of the total, and 33 percent of those contractors were from the neighborhood. For many contractors, the center's development was their first commercial project. The project timeline was extended to provide technical assistance, support, and training to the less-experienced contractors. The result was that 27 local residents were hired into various union trades and 11 residents from Westside Health Authority's ex-offender employment project were hired as union apprentices.

The two-story 28,500-square-foot Austin Wellness and Educational Center houses a clinic that provides a range of primary health-care services, including pediatrics, family and internal medicine, and an urgent-care center. The center operates a 16-station kidney dialysis center for patients, many of whom used to travel to a nearby suburban hospital for treatment. When fully operational, the center

will have added some 200 new jobs to the community.

For more information on the programs of the Chicago EZ, contact Managing Deputy Director Jarese Wilson at **(312) 744-7870**.

Land Development Fund Provides Much-Needed Lift to Commercial Corridor

Columbus, Ohio, EZ

East Main Street is getting a facelift with funds from the Columbus, Ohio, EZ Land Development Fund. Projects comprising more than 47,000 square feet and costing well over \$5 million are designed to spruce up this decaying, major corridor.

The EZ Land Development Fund is a targeted financing pool created to encourage commercial and housing investment and redevelopment projects in the 14-square-mile Columbus EZ. The Columbus Compact Corporation, which administers the Columbus EZ program, established the fund.

This financing pool provides gap financing—dollars that reduce project risk and attract other hard dollars—in order to increase a project's viability. The fund is flexible enough to accommodate grants to nonprofit organizations and loans and/or equity investments to nonprofit and for-profit entities. It seeks to fund those projects with positive community impacts such as redevelopment of idle land; creation of jobs; creation of new business activity and services; improvements in the urban streetscape that encourage business redevelopment, pedestrian traffic, and neighborhood vitality; and improvement in the quantity and/or quality of housing stock.

With \$400,000 from the EZ Land Fund Development Fund, the Central Community House was able to break ground in March

2004. When complete, this 15,000-square-foot, \$2.6 million facility will house a daycare center, community meeting space, and Central Community House offices. The organization will be able to consolidate several area facilities into this one building at 1162 East Main Street, adjacent to the new East Central Family Health Center. There will be enough space for Central Community House to expand its afterschool programming and provide increased support, resources, and services to parents. The facility will assist the organization with its mission—helping people reach their full potential, become self-supporting, and live cooperatively with others.

The EZ Land Development Fund provided site assembly and land banking for the new *Salvation Army* facility at 966 East Main Street. Situated on 1.2 acres of vacant land, this 20,000-square-foot building will serve as the organization's headquarters. It will include a worship center, space for the delivery of social services, and features such as a kitchen pantry. Groundbreaking was held in late spring 2004.

Before the June 2004 groundbreaking of this new transit center, the EZ Land Development Fund handled site assembly and predevelopment activities, such as site demolition. The *Near East Transit Center* will feature 12,000 square feet of retail and office space. With 40 to 50 employees, the center will house a Central Ohio Transit Authority (COTA) customer service department, a medical facility, and a financial institution. Bus stops will be located in front of the center on both Champion Avenue and East Main Street. A financial partnership between the Columbus EZ, the city of Columbus, COTA, the Ohio Department of Transportation, and others generated \$2.7 million for this project.

For more information on the programs of the Columbus EZ, contact CEO and President Jonathan Beard, Columbus Compact Corporation, at **(614) 251-0926**.

Clinica Doctora Elena Mixes Medicine With Love in Detroit EZ

Detroit, Michigan, EZ

When Elena Perry-Thornton came to the United States from Panama in 1981, she dreamed of providing affordable quality healthcare to people in need. Today, Perry-Thornton operates *Clinica Doctora Elena* at 725 Junction Street in the heart of the Detroit, Michigan, EZ. Roughly 90 percent of her patients are Hispanic and many speak only Spanish. "I got into the medical field so that I could help people. That's what drives me," said Perry-Thornton, who is affectionately called Dr. Elena by the 1,800 families that visit her clinic.

Perry-Thornton's vision, determination, and personal savings carried her far. But \$88,000 and valuable business counseling from two EZ programs—One-Stop Capital Shop and Detroit Community Loan Fund, run through Shorebank—were instrumental in helping her realize her dream. The result has been the transformation of a homely storefront, ravaged by years of vandalism and neglect, into an attractive, state-of-the-art medical facility.

Shortly after opening, Perry-Thornton and her staff began identifying ways in which the clinic could better serve the community. They started several education and support groups for diabetics, pregnant women, and people with weight problems. They adjusted clinic hours to accommodate patients in the

evenings. The clinic is open from 5 to 10 p.m., Monday through Friday, and from 9 a.m. to 2 p.m. on Saturdays. Perry-Thornton also has a Web site, www.clinicadraelena.com, where visitors and patients can obtain information in both English and Spanish.

“There is a real big need for accessibility and for doctors who speak Spanish in this community,” says clinic office manager Carolina Bernal-Gutierrez. “People can come after work, they can take their children without having to keep them out of school, and we’re in the neighborhood, so there is no transportation problem.”

As a result of her work, then-Michigan Governor John Engler awarded Perry-Thornton the 2001 Governor’s Award of Excellence for improving preventive care in the ambulatory care setting. “While Dr. Elena put up a lot of her own money to rebuild the clinic facility and get the place off the ground, she needed nontraditional funding for supplies, equipment, and other essentials,” says Van Adams, EZ Development Corporation program manager. “We were more than glad to help since no one else is doing this kind of work in this neighborhood. We are delighted that the team we put together made this venture work,” he adds.

For more information on the programs of the Detroit EZ, contact Executive Director Larry Givens at **(313) 872-8050**.

Empowerment Zone Youth Jump to It

Detroit, Michigan, EZ

Detroit’s dubious distinction—being voted the fattest city in the country by *Men’s Fitness* magazine—may have stopped some Detroiters in their tracks. But an energetic group of young students at four Detroit elementary schools, two community centers,

and a local church are not taking the news sitting down.

You might say these kids have “jumped to it,” by participating in the Detroit EZ *Healthy & Smart* signature program—Team Jump Rope. This program is a Mo’ Better Health, Inc., offering 130 EZ youth with constructive and healthy afterschool activities and weekend workshops. A \$47,000 EZ Innovation Fund grant has helped make Team Jump Rope possible.

“Team Jump Rope is a new approach to lowering the number of inactive youth in our community, while exposing them to a fun way to get in shape,” says Velonda Thompson, Mo’ Better Health executive director.

The teams meet two to four times weekly to train youth in skills for competitive rope jumping. It’s healthy, fun, promotes teamwork, friendships, and participants stay fit, says Thompson.

Hunter Hicks, a 9-year-old student at Jameison Elementary, participates because she just “likes it. My specialty is speed,” says Hunter. “I’ve won awards—two first place and one second.”

Her grandmother, Loretta Binion, is very proud of Hunter’s work with Team Jump Rope and with the As on her report card. “Hunter always liked sports,” said Binion, “but she often would shy away from them. She has the sickle cell trait and used to have pains in her legs. The rope jumping has been good for her. After she started with the team, the pain disappeared.”

In 2003, 10 Team Jump Rope participants qualified as Michigan State Champions and were honored at a Jump Rope for Heart activity. They were among some 40 Detroit-area youth whose enthusiastic energy and skills earned them more than \$500. The funds

were donated to the American Heart Association.

For more information about the Team Jump Rope program, contact Mo' Better Health Executive Director Velonda Thompson at **(313) 571-7600** or visit the Mo' Better Health Web site at **www.comnet.org/mbhinc**. For more information on the programs of the Detroit EZ, contact Executive Director Larry Givens at **(313) 872-8050**.

EZ-Funded Soccer Program Inspires Detroit Youth

Detroit, Michigan, EZ

Since 1997, when *THINK DETROIT* began offering soccer to children in the EZ, it had been unable to sustain a league specifically for girls. With the help of a \$47,000 EZ Innovation Fund grant, this nonprofit sports and technology organization now brings the world's most popular sport to 650 girls each year.

Patricia Frayre is one of the league's many success stories. Despite being diagnosed with kidney stones in late 2002, Frayre, a 15-year-old Western High School student, was a forward and leading scorer on Western's squad. The following June, after a 2-day tryout with THINK DETROIT, Frayre joined 18 other members of the Under-18 Detroit Turbo team, an elite travel squad for players with advanced skills.

THINK DETROIT gives EZ youth the opportunity to participate in afterschool sports leagues and computer classes. Its first summer baseball season included 120 children. Today THINK DETROIT serves more than 4,000 girls and boys annually in baseball, softball, soccer, and basketball. Nearly 1,000 children take part in leadership development and computer training courses. By using

sports and technology to build character in youth, THINK DETROIT aims to provide equal opportunities for boys and girls; foster a positive family environment; provide safe, clean fields and facilities; and pay consistent attention to detail.

The THINK DETROIT youth soccer league, which began with 25 children, had managed successful growth but had not been capable of creating a separate girls league until June 2002 when it received the EZ grant to establish a program for females ages 7 to 18. The group's recreation league now includes all-girl soccer teams in four divisions: Under-8, Under-10, Under-12, and Under-14.

The nonprofit also works closely with the Detroit Public Schools to offer girls soccer at five high schools. In summer 2003 THINK DETROIT held tryouts for two select teams of girls in the Under-18 and Under-15 divisions. These teams travel to nearby communities and compete at a higher level. As team members, the girls learn to be on time for games and practices, work together, and compete with class and dignity. Thanks to the EZ Innovation Fund, THINK DETROIT is looking forward to having its first girl receive a soccer scholarship to college.

For more information about THINK DETROIT's athletic programs, contact Frederick Hunter, athletic director, at **(313) 833-1600**. For more information on the programs of the Detroit EZ, please contact Executive Director Larry Givens at **(313) 872-8050**.

Massachusetts RCs Partner To Leverage Resources Development

Lowell, Massachusetts, RC

If two heads are better than one, can the same be said about RCs? In the case of the

Lowell and Lawrence, Massachusetts, RCs the answer is a resounding yes.

Lowell and Lawrence, located in the Merrimack Valley, share a common history, economic and human service challenges, business and industry councils, and political representation. In 2002 the two RCs combined resources to improve their probabilities of success and achieve economies of scale. “Bringing the two communities together brought more exposure to the programs and helped us get the word out more effectively,” says Colin McNiece, former director of economic development for the city of Lowell.

The first phase of the strategic plan for this dual-RC alliance included developing a tax incentive utilization plan to serve the diverse needs of residents, businesses, and area stakeholders. The RCs engaged the residents of the entire Merrimack Valley in the process. They also designed a survey to solicit the opinions of local businesses regarding their RC designations and the accompanying Federal tax incentives.

A product of the RCs’ Future Trends advisory committee was the filing of congressional Bill HR 4096 IH: Renewal Communities Expansion and Technical Improvements Act of 2004. The bill would amend the Internal Revenue Code of 1986 to expand the incentives that RCs can offer. Future Trends includes representatives from the Office of the Chancellor, University of Massachusetts, Lowell; Regional Development and Commercial Venture Development; the Massachusetts Office of Business Development; the Lowell Small Business Assistance Center; and the Office of Congressman Martin T. Meehan.

Phase two of the RCs’ strategic plan will include:

- Developing a training curriculum on RC tax incentives, effective business development techniques, and methods to foster coordination among business programs to maximize their impact in the RC.
- Implementing two, daylong training sessions for economic development and workforce development staff, relevant human service and training providers, and community-based agencies.
- Designing and implementing mechanisms to coordinate business and workforce development efforts.
- Developing three case studies for the service-delivery system and the delivery of customized business development incentives.

“The RC incentives put a number of new tools in our toolbox and this next phase will make sure that we, and our partners, will know how to use them,” said McNiece.

For more information on the programs of the Lowell RC, contact Director of Economic Development Brian Conners at **(978) 970-4276**.

New Business Incubator To Provide Culturally Specific Childcare

Minneapolis, Minnesota, EZ

For new immigrants, finding affordable, culturally specific childcare is a major challenge. This is particularly evident in the Phillips neighborhood in south Minneapolis, Minnesota, where the immigrant population has soared. With the help of nearly \$1.4 million from the Minneapolis EZ, the local YWCA has developed a multicultural childcare busi-

ness incubator to serve this ethnically diverse neighborhood.

Data from Census 2000 show that the population of the Phillips neighborhood grew by 15 percent during the 1990s. Dig deeper into the figures and one finds a sea change in the neighborhood's ethnic composition. The overall increase in residents occurred despite a 19-percent drop in the European-American population and a 45-percent decline in the Native American population. At the same time, the number of Latinos living in Phillips rose by 558 percent, and the combined numbers of people of other races, including East Africans, Somalis, and Asians, residing in the neighborhood grew by 852 percent.

"These census figures—in addition to a 1998 survey of parents in south Minneapolis conducted by the South Side Child Care Collaborative—demonstrated the need for more childcare to serve our growing immigrant population," says Nancy Hite, CEO of the Minneapolis YWCA, an organization that was then providing multicultural childcare in three area locations.

In 1998 the YWCA received a \$778,500 grant from the Minneapolis EZ to establish a multicultural childcare business incubator in the proposed Great Lake Commercial Center (the former Sears complex along Lake Street). When the development plan fell through in 2001, the YWCA turned to Abbott Northwestern Hospital in the Phillips neighborhood, which was looking for an onsite childcare center for its employees. The two combined efforts and Abbott Northwestern agreed to provide free space for the childcare incubator serving up to 117 EZ children.

In 2001 the Minneapolis EZ awarded an additional \$211,500 to the incubator project, provided the partnership could match the combined \$1 million in EZ funds. After raising more than \$1 million from the private sector, including \$750,000 from Abbott

Northwestern, the partnership approached the Minneapolis EZ Governance Board asking it to provide the last \$379,000 needed to move development of this \$3.5 million facility forward. In March 2004 the board agreed.

"This program could have never been possible without the initial investment made by the Minneapolis Empowerment Zone," Hite said. "The EZ grants demonstrated great foresight, and we were able to leverage the EZ contribution to match their \$1 million. The EZ's ongoing support means we can proceed with our plans and have this program in operation before the end of 2004," she adds.

The YWCA Child Care Business Development Center will assist in developing childcare businesses by providing access to high-quality childcare space at no initial cost. The organization also brings to the table its expertise in the successful operation of childcare businesses in south Minneapolis, an understanding of resources for training and support available in the area, and a commitment to the development of childcare that respects children, cultures, and caregivers.

For more information on the programs of the Minneapolis EZ, contact Director Jonathan Palmer at **(612) 673-5016**.

EZ Funding Helps Programs Bring Students Back to School

Minneapolis, Minnesota, EZ

Convincing teens and teen parents to pursue a high school diploma is a challenge, but one to which the Minneapolis, Minnesota, EZ is committed. Two recent EZ grants totaling \$350,000 have substantially increased the number of local teenagers looking forward to graduation day.

More than 100 students have enrolled in the *Broadway Teen Parent Program* in north Minneapolis, which began in January 2003. “We knew there were many teen parents who had dropped out of school and we needed this program to reach out and bring them back in,” says Mary Pat Sigurdson, a teen-parent specialist for the Minneapolis Public Schools. “The school district didn’t have the money. A 2-year grant of \$175,000 from the Minneapolis Empowerment Zone was the first funding we received, and it helped us attract more than \$940,000 in additional funding.”

For teen parents like Jennifer Vargas, Kristal Fineday, Amanda Stroud, and Rachel Nitschke, the Broadway Teen Parent Program has not only helped them earn a diploma, it also has enhanced their life skills, introduced them to the business world, and provided a choice of internships at 15 sites.

“I never had a job before,” Vargas says, “and this program helped me learn how to create a budget for the living expenses I need to support my kids. I enjoyed computer training and learning how to provide good customer service.” Following a successful internship, she took a part-time job with Sun Country Airlines.

“I was not much of a ‘people person,’ but I learned how to keep a good attitude at work and to build relationships,” Stroud says of her internship at the North Community YMCA. In 2003 she graduated with a high school diploma and now has a paid position at the YMCA. “I was able to get my own apartment and can now manage my bills,” Stroud says.

Another \$175,000 grant, this one to the *Plymouth Christian Youth Center’s Capri Alternative High School and Neighborhood Center* on West Broadway in North Minneapolis, will help renovate the organization’s facilities. Under a contract with the Minneapolis Public Schools, the Capri school works with junior- and senior-high youth who have been unsuccessful elsewhere. The

school’s positive climate allows students to improve their ability to read, write, and listen—skills that not only help them earn their diplomas, but prepare them to be successful at other educational institutions, in their jobs, and in personal relationships.

“This new building lets young people see that education is valued. It makes a difference in their behavior and attendance,” says Chrislee Jacobs, a teacher at the school.

For more information on the programs of the Minneapolis EZ, contact Director Jonathan Palmer at **(612) 673-5016**.

New Jersey Renewal Community Applies Holistic Approach to Development

Newark, New Jersey, RC

The city of Newark approaches urban renewal as a complex web of needs and resources. By being attentive to the specific goals of residents, business owners, and the local government, they can better match up the many public and private partners and resources needed for successful urban renewal. This holistic approach seeks to balance and harmonize the interests of the commercial districts and those of neighborhoods alike, emphasizing business opportunities and strategies that employ Newark residents, create profit for investors, increase municipal revenues, and enhance overall development throughout the city.

Newark was designated a HUD RC in January 2002 and, according to Richard A. Monteilh, Newark’s business administrator, “The RC tax incentive package has had a very positive impact on the city’s economic development strategies. Companies that are doing business with the city or are looking to do business

with Newark are very excited about the RC program and its benefits.”

The city has been working hard since 2002 to promote RC benefits and so far the approach seems to be effective. In 2004 a new shopping center and a new subsidized low- and moderate-income housing development were opened on a major neighborhood commercial corridor. Another retail complex, anchored by Home Depot and with an additional 30,000 square feet of retail space, is being built with the help of Federal and State grant money for planning, acquisition, and site remediation. The Home Depot project will bring approximately 200 new jobs to the area. A new state-of-the-art regional call center for MBNA will employ an additional 1,500 people from the RC and surrounding communities.

In another area is a 100+ acre redevelopment area that stitches together the James Street Historic District and its surrounding neighborhoods into a vibrant downtown community. This project includes 6,000 housing units and nearly 2 million square feet of office/retail space. Also located downtown are two historically significant buildings—a department store and adjacent office building—which are being adapted into luxury loft rental apartments with 100,000 square feet of ground floor retail space. Another large historic preservation/adaptation project is the conversion of a historic downtown office building into luxury apartments with a health club, business center, lounge, and bowling alley.

For more information on the programs of the Newark RC, please contact RC Coordinator Angela Corbo at **(973) 733-4331**.

Citizens' Television Promotes Successes in Connecticut EZ

New Haven, Connecticut, EZ

Simply put, *Empowered Voices* is a weekly celebration of accomplishments in the New Haven, Connecticut EZ. This 1-hour, prerecorded show has been airing each Friday evening since March 2003 on a local public access channel, Citizens' Television. Hosted by Tom Ficklin, director of marketing and communications for Empower New Haven, the program reaches a majority of the local cable system's 100,000+ homes.

“The face of Empower New Haven is that of our residents,” says Empower New Haven's acting president and CEO Althea Marshall. “It has been a blessing to depict the Empower New Haven family and the real-life uplifting drama of the Empower New Haven story via this community medium of public access broadcast.”

While saluting the many residents who have taken advantage of EZ programs and initiatives, the show presents local vendors and community partners as approachable and ready to help residents achieve individual or family financial independence. *Empowered Voices* showcases EZ residents who have:

- Participated in the Individual Development Account Homeownership Program.
- Purchased homes via the Loan to Grant Homepower Program.
- Driven cars due to the partnership with Lutheran Social Services/Good News Garage Program.
- Attended Gateway Community College through the Career Ladders Partnership.

- Secured employment due to Empower New Haven's partnership with Support and Training Result in Valuable Employees (STRIVE).
- Started a business through the business power technical assistance initiative.
- Received a job upgrade via the customized training initiative.

Given the variety of initiatives it has underway and audiences it needs to reach, Empower New Haven and Citizens' Television developed a second hour-long program that airs on Sunday afternoons. This weekly show features press conferences, partner annual meetings, EZ resident graduations from partner programs, community forums, and Empower New Haven neighborhood celebrations.

The Sunday broadcast captures events and milestones in the community. These events have included the mayor of New Haven and representatives of the U.S. Congress addressing an anti-predatory lending initiative, the earned income tax credit program, an emergency home repair program, and Federal EZ tax incentives.

For more information on the programs of the New Haven EZ, contact Acting President and CEO Althea Marshall, Empower New Haven, at **(203) 776-2777**.

Bronx EZ Assists Performing Arts Theater in Heart of Cultural Corridor

New York, New York, EZ

In an effort to create new jobs, increase tourism, and enhance the community's cultural offerings, the Bronx Overall Economic Development Corporation (BOEDC) has

provided a \$500,000 loan to help expand the *Pregones Touring Puerto Rican Theater*. Under the terms of the agreement, the loan may be converted to a grant in 2018 if Pregones maintains its mission.

Located at 571 Walton Avenue near 149th Street, the 120-seat theater is expected to open in June 2005 and will be a welcome addition in a neighborhood widely recognized as a burgeoning cultural center. The loan from BOEDC, which administers the Bronx portion of the New York EZ, will go toward the purchase and renovation of an adjoining warehouse at 575 Walton Avenue.

"We're excited about what this means for the overall Bronx economy," says Bronx Borough President Adolfo Carrion, Jr. "Not only will the new Pregones Theater put people to work, but also its location—situated just 5 minutes from Manhattan and a block from the NYC Transit System—guarantees that many visitors of all backgrounds will come to experience the rich culture and heritage of one of the city's largest ethnic groups."

Under the artistic and administrative direction of Rosalba Rolon, Alvan Colon Lesprier, and Jorge Merced, Pregones Touring Puerto Rican Theater has distinguished itself as a specialist in the production of Hispanic plays and performances. "This funding marks a major milestone in our 15-year history of providing residents from across the city and tourists alike with an affordable way to access cultural, artistic, and educational events," says Rolon. "The \$500,000 loan will allow us to expand on those offerings to ensure that Pregones continues on its path of providing first-rate performances for everyone to enjoy."

For additional information on the programs of the New York EZ in the Bronx, contact President Rafael Salabarrios, BOEDC, at **(718) 590-6252**.

New York EZ Funds National Track & Field Hall of Fame

New York, New York, EZ

The transformation of an underutilized military installation into a monument to the sport of track and field is serving as an economic engine for Washington Heights, New York, and its surrounding communities. The Upper Manhattan EZ Corporation (UMEZ) Development Corporation, which administers the Manhattan portion of the New York EZ, helped bring the *National Track & Field Hall of Fame* to Washington Heights with a \$1.8 million grant. The multiuse facility stands as a jewel in the center of this diverse, largely Hispanic community. Located in the remodeled Armory building, the facility includes a fully functioning community center.

It took 3 years after USA Track & Field awarded the Armory the privilege of housing its Hall of Fame collection—previously located in Butler, Indiana—before the facility opened. The Armory is an ideal setting for the Hall of Fame because it is already the Nation’s most active indoor track and field center. Armory Foundation President Norbert Sander notes, “Through our function as a track and field center, we’re already providing a home for young people vying to become champions.”

The National Track & Field Hall of Fame brings the history, politics, physiology, health benefits, and technologies of track and field to life. From interactive experiences that use technology to measure athletic capabilities and predict potential to exhibits honoring such greats as Jesse Owens, Jim Ryun, and Jackie Joyner Kersee, the Hall of Fame pays tribute to the inclusiveness of the sport. The Hall of Fame chronicles the annals of track and field and

testifies to the many great athletes who have competed in the sport’s various disciplines.

Over time, the sports complex stands to become internationally recognized as one of New York’s most prominent cultural treasures. “This project further reinforces Upper Manhattan’s stature as a primary destination for richly diverse cultural attractions and events,” says Kenneth Knuckles, former CEO and president of UMEZ.

A highlight of the Hall of Fame is a vast glass structure on which the names of all 197 inductees are etched. The displays also feature a rich blend of photos and memorabilia that include Mal Whitfield’s Olympic gold medal, Steve Prefontaine’s uniform, Wilma Rudolph’s singlet, and a painting of the 1936 Olympic long jump award ceremony honoring Jesse Owens.

Other highlights include an interactive video in the gallery titled “What Makes a Champion” that lets visitors interview elite athletes and get responses and advice directly from them. Other displays and exhibits showcase the rich and dynamic history of this great sports discipline.

For more information on the programs of the UMEZ, call Chief Administrative Officer Marion Phillips, New York Empowerment Zone Corporation at **(212) 803-3239**.

Abandoned EZ-Based Schools Become Community Centers

Oklahoma City, Oklahoma, EZ

Once the heart of their neighborhoods, two vacant schools are being transformed into community hubs that will provide cultural, recreational, and educational opportunities for residents of the Oklahoma City, Oklahoma, EZ. For nearly a decade, ever

since the city received an EC designation, the development of multiservice community centers has been a top priority.

In 2003 the city received EPA funds to design community reuse plans around three Superfund sites within the EZ's borders. The sites, dormant for at least a decade since their remediation, are in an area that has continued to experience a decline in value and services. The EZ established a special project steering committee in 2003 to focus on this area, which it called the Eastside Reinvestment Area.

Following a series of community meetings and design workshops, two abandoned school buildings, designated as brownfields, joined the list of redevelopment opportunities for the Eastside Reinvestment Area effort. Both buildings are located in a predominantly African-American area that has unemployment and poverty rates that are twice the national average as well as below-median reading and math test scores.

The Truman School Building, at NE 13th Street and Kelham, emerged as the most appropriate location for the community center. Its location will allow maximum community access to the social and health services provided by the city and State. In addition, the center will provide afterschool homework clubs, mentoring, job training, and job search services.

The Truman School site is land-rich and the first phase of the project includes infill housing development to the north and south. The Oklahoma City Urban Renewal Authority will provide adjacent lots for infill housing development. The Woodworth Foundation is providing \$100,000 as startup capital and MetaFund will provide more than \$250,000 in Phase I construction financing. Phase II includes a Targeted Brownfields Assessment of the Truman School building by the U.S. Army Corps of Engineers and acquisition of the remaining infill lots from the Urban Renewal

Authority. Phase III involves the completion of the school building as a community center.

The Page Woodson School, at NE Sixth and High, is a 3-story, 88,000-square-foot building with historical significance. Abandoned and declared surplus by the Oklahoma City Public Schools, the school site housed the first segregated African-American high school from the 1920s to the 1950s. The site is adjacent to infill housing programs by Oklahoma City, Oklahoma County, the Urban Renewal Authority, the Oklahoma Housing Authority, and several area churches. Stakeholders plan to reinvest in the site to preserve its cultural significance and transform it to an African-American cultural center and museum.

Preliminary plans involve renovating the 1,500-seat auditorium for use by the Black Liberated Arts Center and Ambassador's Choir, creating a Museum/Archive and Research Laboratory for Langston University, converting the cafeteria to a soul food kitchen, and renovating the Olympic-sized swimming pool and gymnasium for community use. The third floor will contain extended-stay lodging for use by local arts agencies, artists, and residents of the adjacent University of Oklahoma Health Sciences Center.

For more information on the programs of the Oklahoma City EZ, contact Russell Clauss at **(405) 297-1628**.

EZ Focuses on Brownfields Economic Development Potential

Oklahoma City, Oklahoma, EZ

Once home to oil-processing facilities, this old industrial corridor in the Oklahoma City, Oklahoma, EZ is ripe for change. Location and circumstances have combined to make the brownfields surrounding Reno Avenue a

prime target for redevelopment. The corridor is strategically close to transportation networks. Not only does it parallel active short-line and major railways, it sits at the junction of two major Interstates: I-35, a primary NAFTA route and I-40, where travelers and truckers rest and refuel.

When asked by city planners what their vision is for investment in this area's future, residents and businesses emphasized the corridor's geographic and historic prominence. The industrial corridor, noted respondents, is the city's front door and currently makes a poor first impression on visitors. With the American Indian Cultural Center set to open to the corridor's south and with the Bricktown entertainment district to the west, Reno Avenue will need to accommodate at least 1,500 additional vehicles per day. Major revitalization efforts are gaining momentum throughout the city as its centennial approaches in 2007.

Respondents pointed out that in addition to accommodating and enhancing tourism, the corridor could become a jobs center. Full utilization of the area—about 250 acres total—could accommodate at least a million additional square feet of commercial and industrial facilities and support hundreds of new jobs in the EZ.

Given all these influences, change in the Reno Avenue corridor is inevitable. Oklahoma City plans to make use of the EZ's tax incentives (wage credits, low-cost bonds, reduced capital gains, and increased deductions, among others) to help ensure that the working traditions of this important area are integrated with the future visions for the entire Oklahoma City community.

For more information on the programs of the Oklahoma City EZ, contact Russell Claus at **(405) 297-1628**.

Order in the Court: Teen Legal Program Tries and Teaches

Philadelphia, Pennsylvania/ Camden, New Jersey, EZ

Truancy, lateness, disruption of class, gum chewing, disrespect toward staff and peers—these are all misdemeanors for which youth may be held accountable by a jury of their peers. With an initial grant of \$60,000 from the Philadelphia EZ, *Teen Court* has been handing down verdicts at Kensington High School since 2000.

Teen Court functions as both an alternative sanction system for young offenders and a civic-responsibility awareness program. Its goals are to reduce delinquency and violence among youth, encourage positive behavior, and help students understand the legal system and the values that underlie the laws of society.

"The Teen Court program is empowering the future generation of the EZ by familiarizing teenagers with how the justice systems works, encouraging their respect for others, and providing them with new skills to resolve problems," said Eva Gladstein, executive director of the Philadelphia EZ.

Offenders in grades 10 to 12 are tried and sentenced in a Teen Court by a judge and jury of their peers. Assisted by teachers and law students from Temple University, youth volunteers play the roles of prosecuting and defense attorneys, clerks, bailiffs, and managing board members and conduct trials as in real life.

During the first 2 years, 40 students participated and heard 79 cases ranging from truancy to uniform violations, hall walking, profanity, and class disruption. The sentences meted out by the jury varied from suspending the offenders from school to forcing them to offer written and verbal apologies, write essays, and provide community service.

June 2004 marked the start of Teen Court's fourth year.

Teen Court capitalizes on the power of peer influence and promotes civic commitment and youth empowerment. Students who participate in the program have demonstrated a depth of knowledge in courtroom procedure as well as in solutions to school problems. Students use mediation as a tool to curtail bad behavior and alter violent patterns while exercising their peer leadership roles in school.

The first Teen Court program was implemented almost 15 years ago. Today, there are more than 400 such programs operating in the United States.

For more information on the Teen Court program, please call Terrine Datts, program monitor, at **(215) 686-0467**. For more information on the programs of the Philadelphia EZ, contact Eva Gladstein at **(215) 686-0457**.

Hospital Turns to RC Tax Incentives To Offer Employees Childcare

Southern Alabama, RC

Because rural Alabama hospitals often struggle to make ends meet, funding services outside their primary mission—such as childcare for employees—may not be possible. Such was the case at *Georgiana Regional Hospital*, a facility the Alabama Hospital Association could have been describing when it reported that rural hospitals, especially those assisting low-income residents, often “operate in a marginally self-sufficient state.”

Located in downtown Georgiana on the southern fringe of the RC, the hospital serves three counties inside and three counties outside the RC's border. Medical services are spread thinly throughout the area as several

counties have neither the population nor finances to support a hospital.

Prior to the area's RC designation, says Hospital Administrator Harry Cole, “We wanted to build a daycare center for our employees but could not justify it because the revenue stream would not support it. However, through a combination of Renewal Community Federal wage tax credits and the accelerated depreciation provisions of the Renewal Community program, it is now financially feasible for the hospital to proceed with the capital investment to build the daycare center.” The daycare center was designed to accommodate approximately 30 to 40 students.

In 2002 Georgiana Regional Hospital had approximately 105 full- and part-time employees. About half of them lived in the RC. “This resulted in an annual, after-tax wage savings of \$50,000 to \$60,000 annually thanks to the Renewal Community program's wage tax credit provisions,” says Cole. The hospital is planning an additional capital investment. As a result of tax savings from several RC tax incentives, Georgiana Hospital began construction of the daycare center in 2003.

For more information on the programs of the Southern Alabama RC, contact David Barley II of the Alabama Department of Economic and Community Affairs at **(334) 242-5823**.

Tax Incentives Yield Hope and Development in Rural North Dakota

Turtle Mountain Band of Chippewa, RC

Like a torch in the night, the tax incentive utilization plan (TIUP) developed by the Turtle Mountain Band of Chippewa RC has been guiding the successful development

efforts of this community since 2002. The TIUP outlines the ways in which the RC will utilize both Federal tax incentives and local resources to spur economic activity.

The Turtle Mountain Band of Chippewa RC has aggressively implemented its TIUP within the designated area. In 2002 the tribe allocated nearly \$190,000 in discretionary funding to establish an RC center. The Turtle Mountain TIUP also has proven to be the starting point for a host of development initiatives.

“With the awarding of the RC designation, the tribe has been able to extend and market our economic development efforts outside of the reservation boundaries while further enhancing our ability to diversify our economy, create new wealth, and produce jobs as well as showcase the efforts and opportunities that the TIUP is creating for businesses and community betterment,” says Lyman Bercier, CEO of the RC center.

Because many tribes on Indian reservations or in Indian Country do not have sufficiently developed legal environments for business, they are unable to handle large economic development efforts. The creation of a new corporate governance structure and implementation of a tribal uniform commercial code will allow the Turtle Mountain tribe to take advantage of the 8-year “window of opportunity” that the RC designation presents. The new structure and code were developed cooperatively by the tribal government, the RC leadership, and the RC center staff.

The RC designation has sparked other local initiatives, including a new 100-acre industrial park for the reservation and the possible opening of an aerated concrete company that will employ at least 15 tribal members. It may even lead to a partnership between the tribe and the North West Area Foundation Ventures Program, resulting in aid for

the comprehensive reduction of poverty over 10 years.

Other initiatives designed to advance development in the RC include a land-use planning effort, a moratorium on new tribal taxes, a coordinated approach to meeting tribal housing demand, and the development of a comprehensive indoor-outdoor recreation plan for local youth and families.

As the Turtle Mountain Chippewa Tribe moves toward economic and community development and self determination through the RC designation, the future looks bright for a renewed tribal community in the heart of Indian Country in north-central North Dakota.

For more information on the programs of the Turtle Mountain Band of Chippewa RC, contact Lyman Bercier of the RC at **(701) 477-2688**.

Using Earned Income Tax Credits To Stimulate Local Economy

Yonkers, New York, EZ

In an effort to put more tax dollars back into the pockets of businesses and residents, the Yonkers, New York, EZ has been offering monthly seminars and free tax-preparation services. These two programs combined have helped to pump nearly \$2 million into the local economy.

The 1-hour information sessions, cohosted by local banks and businesses, provide a technical overview of the simplicity of the EZ program. Between January 2002 and spring 2004, the EZ had reached more than 1,000 people through its 50 seminars. Yonkers EZ staff surveyed seminar attendees and discovered that Yonkers EZ companies had accessed more than \$1.5 million in Federal EZ wage tax credits to date.

The sessions allow EZ staff to develop relationships with the business community and establish a level of communication that might not otherwise exist. EZ staff provides information about incentives available to Yonkers EZ-based companies. These incentives include Federal EZ tax incentives and other incentives available through Federal, State, and municipal programs.

Yonkers City and EZ staff members also created an Earned Income Tax Credit (EITC) campaign to assist residents within the EZ in making use of this underutilized credit. A cadre of IRS-trained volunteers joined EZ staff in offering free tax-preparation services at the new Yonkers Riverfront Public Library. The *Volunteer Income Taxpayers Assistance* (VITA) received generous assistance from Mayor Philip A. Amicone's office, JP Morgan Chase, and Verizon Wireless.

VITA workers inform eligible EITC recipients about the credit and complete tax returns without charge. Filers can then elect to have

their returns transmitted electronically and their refunds deposited directly into their bank accounts. The EITC can refund as much as \$5,000 to eligible filers and provides much-needed, additional income for low-income workers.

The VITA site represented a collaborative effort on the part of several organizations. A grant from JP Morgan Chase allowed for the purchase of six computers on which returns were completed. Verizon Wireless made cell phones available for calls to the IRS. Additionally, the Yonkers Riverfront Public Library dedicated two rooms for the entire tax-preparation season. The program ended on a very successful note in 2004 with some 800 taxpayers receiving assistance and some \$400,000 in EITCs returning to EZ residents.

For more information on the programs of the Yonkers EZ, contact EZ Manager Lola Vataj at **(914) 377-6135**.

Community Services and Development ★★★



The RC designation and citizen participation in local development have led to a Chattanooga renaissance. (page 103)



A new downtown is taking shape due to Hamilton RC tax incentives.



A Chicago EZ grant financed the new Austin Wellness Center, a desperately needed healthcare facility on Chicago's West Side. (page 115)

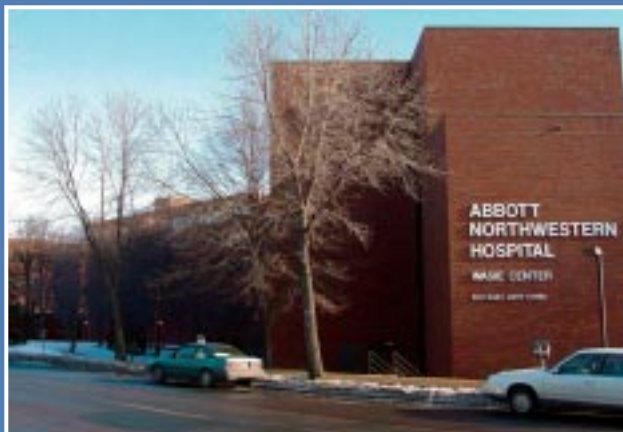


The Northbank Riverwalk and local businesses are being revitalized through Jacksonville EZ tax incentives and marketing efforts.



A Detroit EZ Innovation grant helped to fund the THINK DETROIT soccer league. (page 116)

Community Services and Development ★★★



A Minneapolis EZ grant helps to fund a Childcare Business Incubator at Abbott Hospital. (page 119)



Georgiana Hospital used Southern Alabama RC tax savings to open a daycare center. (page 127)



A New York EZ (Bronx) loan helped to finance a theater for the Pregones Touring Puerto Rican Theater Company and created new jobs for local residents. (page 123)



Lyman Bercier, CEO of the Turtle Mountain RC (front right) sits proudly with fellow Turtle Mountain Band of Chippewa RC staff. (page 127)



The Oklahoma City EZ is helping to renovate the Page Woodson School into an African American Cultural Center and Museum site. (page 124)



Spotlight on Results

SECTION 5



Families Advancing With Housing and Homeownership Assistance





Development within the Renewal Communities (RCs) and Empowerment Zones (EZs) will not be complete until the residents of these distressed communities can attain the dream of homeownership. This is why a key principle of every EZ strategic plan, sustainable community development, focuses significantly on meeting the housing needs of EZ residents and ultimately helping them to become homeowners. Since 1994 EZ leaders have been working to meet the housing and homeownership needs of local residents by building and rehabilitating affordable housing, funding services and housing for the homeless, and creating homeownership programs to help residents achieve their American dreams.

The RCs are equally committed to meeting the housing and homeownership needs of local residents. The Course of Action, which is a key part of each RC's tax incentive utilization plan, requires each RC to promote local community development needs such as housing and homeownership to help RC residents become self-sufficient.

The annual reports that RCs and EZs submit to HUD identify many successes in providing vital housing and homeownership services for local residents and families. These reports show that the urban EZs have constructed more than 3,500 new housing units, rehabilitated 8,000 more units, and served more than 10,000 EZ residents through more than 100 housing and homeownership programs since 1994.

The RCs do not receive Federal grants to provide housing and homeownership services for local residents, yet they have been successful in providing these services. The Camden, New Jersey, RC has a Recovery Act to help increase local homeownership. Under this act, first-time homebuyers that purchase or substantially rehabilitate a primary residence in Camden receive an income tax credit up to \$5,000 annually for a 5-year period.

In the Charleston, South Carolina, RC, the city of Charleston has started working to amend a zoning ordinance to consider permitting higher housing densities for certain units, thereby encouraging projects that mix residential housing with commercial development. To assist residents of the Memphis RC and other distressed sections of the city, the Memphis city council enacted an ordinance to convey city-claimed housing at substantially reduced costs to local agencies that agree to develop the units for persons of low and moderate income.

This section of the publication showcases the successes of RCs and EZs in providing important housing and homeownership services for local residents and families. We know that you will enjoy reading about these successes and we hope that your community can emulate some of them. If you would like additional information on any of the stories in this section, call the RC or EZ directly using the contact information that appears at the end of every story.

Housing and Homeownership Assistance

Lottery-Like Program To Repair Hundreds of Homes in Detroit EZ

Detroit, Michigan, EZ

As of September 2004 more than 120 homes in the Detroit EZ have received substantial repairs inside and out, thanks to the Home Repair Program of the Detroit EZ. The program, a partnership between the Detroit EZ and 7 local housing agencies, provides up to \$10,000 on a lottery-like system to each of 300 EZ homeowners to pay for a variety of home repair projects—a total of \$3 million in funds.

“This partnership is a great opportunity for our residents,” says Mayor Kwame Kilpatrick during a ceremony in early August 2003 that launched the program. “Public-private partnerships enable us to do more than we can do alone to enhance the city’s development and prosperity and meet the needs of Detroit citizens.”

Media coverage and word of mouth brought about 10,000 submissions of interest, a one-page request for consideration form that the EZ had prepared, by the August 30 deadline. Vince Murray, executive director of Bagley Housing Association, a participating EZ partner that administers the program, said his office was flooded with calls.

EZ staff then sifted the responses down to 3,500 eligible households within the EZ, sent letters of explanation to all nonqualified responders, and screened for duplicate responses. The seven participating nonprofit

housing agencies then worked with those who qualified. Applicants had to live in the EZ, own a single-family home and reside in it, and meet HUD income guidelines. The housing agencies sent out the formal application packets, then worked with homeowners to ensure that they held homeowners’ insurance and that their taxes were up to date. The agencies then set up a preconstruction conference and facilitated the process.

The grants cover up to \$10,000 for individual household repairs. Eligible improvements include furnace replacement or repair, water heater replacement or repair, porch repair or replacement, exterior stair replacement or repair, roof replacement, security and/or storm door installation or replacement, and wheelchair ramp installation or repair.

Homeowners can also use the grant to make exterior improvements involving tree removal, sidewalk/driveway repair, garage demolition, installation of exterior security lighting, and yard fencing.

“This program reflects our ongoing commitment to help Detroit’s comeback by revitalizing our communities and providing Empowerment Zone residents the resources they need to breathe new life into our neighborhoods,” says EZ Executive Director Larry Givens.

For more information on the programs of the Detroit EZ, please call Executive Director Larry Givens at **(313) 872-8050**.

New Housing Popping Up in Corktown

Detroit, Michigan, EZ

A community vision is coming alive in urban Detroit, thanks to the Greater Corktown Development Corporation, U-Snap-Bac, and 11 other local housing and community

development agencies funded by the Detroit Empowerment Zone Development Corporation (EZDC).

Corktown Development is building 33 new homes scattered along Cochran Avenue, Harrison Avenue, and Sycamore Street on land that had laid vacant for many years. The construction phase begins September 2004. The new houses, all pre-sold, are priced at around \$80,000.

“We are proud of our partnerships with all of these agencies to make affordable housing and homeownership a reality for Detroit’s low- and moderate-income residents,” says Larry Givens, executive director of EZDC. “The nearly \$3 million we have thus far made available to support and enhance housing and neighborhood development is an investment in people, an investment in our neighborhoods, and an investment in the future of Detroit.”

The EZDC provides soft money for predevelopment costs such as architectural services, appraisals, surveys, environmental assessments, and related services, Givens explained. Corktown Development used its \$210,000 grant from the EZDC to cover consultant costs and leveraged these funds for construction financing from Charter One, National City, and Bank One.

U-Snap-Bac, another community development agency, used its \$300,000 grant for architectural renderings, land acquisition, title work, and engineering costs. Supporting partners created through leveraging these funds include the city of Detroit, Michigan Capital Fund, and National City Bank.

Through these partnerships with housing and community development agencies, hundreds of homeownership opportunities now exist throughout the EZ’s central, east, and southwest areas. Consistent with the EZ mission,

some housing is designed for special populations. “We have special housing initiatives to meet the needs of seniors, people with disabilities, and homeless families in transition,” Givens explained.

In some cases homes are sold to eligible individuals and families at affordable rates based on guidelines issued by HUD.

For more information on the programs of the Detroit EZ, please contact Executive Director Larry Givens at **(313) 872-8050**.

Homeownership Assistance Makes Dreams Come True in El Paso EZ

El Paso, Texas, EZ

The homeownership grant assistance program of the El Paso Empowerment Zone is making homes more affordable, promoting residence in the EZ, and making dreams of owning a home come true for many residents.

As an inducement to purchasing a home in the EZ, the program offers grants of \$5,000 to homebuyers. The assistance is available on a first-come, first-served basis to all who live in the EZ or want to move there, without regard to household income levels. The grant can be used only for the purchase of owner-occupied properties and may be applied toward down-payments, closing costs, repairs, or move-in expenses. Buyers commit to making this their primary residence for a minimum of 5 years. The EZ homeownership grants do not need to be repaid.

The already competitive prices of older homes in the EZ make the program even more attractive. Housing market values within the EZ enable buyers to purchase much bigger homes than they would be able to afford in other areas of the city.

Elsa Loebell, one of the \$5,000 grant recipients, is now the proud owner of a \$95,000 home in the EZ. She also benefited from a 3.75-percent interest rate on her note, provided by El Paso Credit Union Affordable Housing to EZ borrowers. Oly obtained a 20-year instead of a 30-year mortgage and her qualifying parameters were much more lenient than if she had purchased outside the EZ.

Loebell is now living the American dream of homeownership and the El Paso EZ is looking forward to seeing many more families like hers do the same.

For additional information regarding the homeownership assistance program, please call Phyllis Rawley of the El Paso EZ at **(915) 351-1680** or visit the EZ's Web site at **www.elpasoez.org**.

With Help From EZ, Credit Union Initiative Provides Financial Literacy and Mortgage Assistance

El Paso, Texas, EZ

The *El Paso Credit Union Affordable Housing, LLC (AHCUSO)*, a credit union service organization owned by eight credit unions in El Paso, is providing free bilingual financial literacy training and credit management assistance in the El Paso EZ.

Through an initial grant of \$15,000 in 2002 and a second-year grant of \$50,000 in 2003 from the El Paso EZ, AHCUSO has provided financial literacy and homeownership workshops to more than 1,000 EZ residents to prepare them to qualify for home mort-

gages. Conducted in both Spanish and English, classes typically run for 2 hours and are held 4 consecutive nights. As a result, approximately 180 EZ residents have opened savings accounts, the first ever for 127 of them.

In addition, in 2002 the EZ funded AHCUSO's home loan program, contributing \$500,000 to AHCUSO's mortgage pool. These funds leverage dollars 2:1 for prospective homebuyers in the EZ. The EZ has created a hybrid mortgage product that splits the principle on a 20-year mortgage term into two 10-year terms, thereby cutting the effective interest rate in half. This lower interest rate enables more families in the EZ to qualify and own their homes, building equity for the future.

AHCUSO is a credit union initiative established to improve the economic, social well-being, and quality of life of El Paso residents. The initiative works to empower community members to create personal wealth through savings, obtain solid credit, and become candidates to qualify for home mortgages. Beginning operations in September 2001, AHCUSO funded more than 28 affordable housing mortgages totaling \$900,000 in its first year, according to National Credit Union Youth Week.

For further information on qualifying for the residential mortgage loan program, please call Larry Garcia at **(915) 838-9608**. For information on upcoming financial literacy training classes, visit the EZ Web site at **www.elpasoez.org** or contact Rai Sarabia at **(915) 838-9608**. For more information on the programs of the El Paso EZ, please contact Executive Director Phyllis Rawley at **(915) 351-1680**.

New Construction in EZ Neighborhood = Affordable Housing and Jobs

Gary/Hammond/East Chicago, Indiana, EZ

“This project is a great fit for the Empowerment Zone,” says Business Empowerment Center Manager Scott Upshaw of the Gary/Hammond/East Chicago EZ. The Emerson Multifamily Housing Project “combines job training and job creation for zone residents. It also creates new housing stock in an established neighborhood that has spurred improvements in the surrounding neighborhood.”

Gone are the weedy, vacant lots and boarded-up homes in the 500 blocks of Rhode Island, Georgia, and Vermont streets in Gary, Indiana. The *Emerson Housing Project*, which includes 10 garden apartments and 34 apartment townhomes, is the cornerstone of the revitalization.

The two- and three-bedroom homes include a mix of affordable and market-rate housing. Financed through the EZ and sponsored by the Gary Urban Enterprise Association, the project is bringing job training and the promise of a better quality of life for everyone involved.

The Gary Urban Enterprise Association offers participants job-readiness skills, employment training, education, and job placement for at least 6 years.

“As part of the loan agreement, at least 100 EZ residents participated in job training with 51 completions and 49 placed into construction or related jobs,” reported Upshaw. “These are good-paying jobs tied to the construction trade and include framing, roofing, electrical, and other skilled trades.”

The Emerson Housing Project, said Upshaw, “will make a positive impact on the community for generations to come.”

For more information on the programs of the Gary/Hammond/East Chicago, Indiana EZ, please contact Executive Director Venus Cobb at **(219) 886-9047**.

EZ Grant Helps Open Home for Homeless Boys in Huntington

Huntington, West Virginia/Ironton, Ohio, EZ

The *Mended Reeds Home for Children* opened its doors in September 2002, thanks to a matching forgivable loan from the Huntington, West Virginia/Ironton, Ohio, EZ.

Additional funding came from the First Baptist Church of Ironton, which raised \$5,000 for the cause, and Big Sandy Super Store, which made a sizeable contribution. This support allowed the agency to purchase the property without taking out a private loan, explains David Lambert, director of Mended Reeds.

Lambert then secured a \$70,000 forgivable loan from the EZ to complete the \$140,000 project. Generous community support and the EZ’s forgivable loan program made it possible for the agency to open and begin its operations debt-free.

The Mended Reeds Home provides a safe place for boys ages 14 to 20 to live, continue their education, receive professional counseling and support, develop their social skills, and find jobs in the Ironton community. The shelter is located in a remodeled private home built around 1890—restored to its original Queen Anne-style architecture and updated with all new wiring and security systems.

Before the completion of Mended Reeds, there was no place in the Ironton, Ohio, area where young boys without the support of family or public assistance could turn for help, guidance, and stability. Today there are 10 boys, ages 14 to 18, who live in the facility, attending local schools and working at local businesses.

“The boys will learn job skills and basic skills needed in life, such as cooking, cleaning, and how to handle finances,” Lambert says.

The Mended Reeds Home for Children, which operates as a faith-based, nonprofit independent living center, is also licensed and equipped to provide foster care and adoption services to the community.

For more information on the development of the Mended Reeds Home for Children using the EZ forgivable loan program, please contact Executive Director Cathy Burns, Huntington/Ironton EZ, at **(304) 399-5454**.

Another Palmetto Homes Milestone

Miami-Dade, Florida, EZ

On February 18, 2004, *Palmetto Homes of Miami*, the city of Miami Department of Community Development, and the Miami Empowerment Trust, which administers the Miami-Dade Urban Empowerment Zone, held a ribbon-cutting ceremony to celebrate their latest affordable housing endeavor in the EZ.

Thanks to a \$250,000 bridge loan from the Miami Empowerment Trust and a \$270,000 forgivable loan from the city of Miami Department of Community Development, Palmetto Homes will construct six affordable infill homes on vacant lots and underutilized property in the EZ.

Due to the commitment of the Empowerment Trust, Ario Lundy, president of Palmetto Homes, has been able to pursue his vision “to make homeownership a reality by building affordable houses, creating job opportunities in the process, and ultimately giving people a better place to live.”

For more information on programs in the Miami-Dade EZ, call President and CEO Bryan Finnie, Miami-Dade Empowerment Trust, Inc., at **(305) 372-7620**.

Residents’ Union Request Spurs EZ Renovation Grant

Minneapolis, Minnesota, EZ

“When we first moved here, this place was in squalor conditions,” says Janice Hamilton. “Now we have a clean, decent place to live.”

As a 10-year resident and president of the Park Plaza Residents’ Union, Hamilton is proud to see that the *Park Plaza Apartments* in the Minneapolis EZ have become more than a collection of five deteriorated apartment buildings. They now form a community of attractive homes.

Thanks in part to a \$400,000 grant from the Minneapolis EZ in September 2000, Park Plaza has been transformed into a complex that provides 134 units of quality affordable housing to families and individuals earning less than 50 percent of metro median income.

Only a few years ago, Park Plaza was nearly demolished. All five buildings were in severe disrepair and presented dangerous living conditions. Then, the Park Plaza Residents’ Union approached the EZ Governance Board for financial assistance.

After an onsite visit to Park Plaza, the EZ Governance Board members knew it was important to support the effort. Through the work of the residents' union, many funding partners, and some gifted professional architects, Park Plaza found a new beginning.

Hamilton and other residents were able to continue living at Park Plaza during the renovations, shifting from apartment to apartment within the complex while the work went on. As a benefit to residents, the laundry room was relocated from the basement to the ground floor. These more pleasant and secure surroundings for the laundry room offered a welcome change to the residents.

Park Plaza is a community created by its residents. Residents' union President Hamilton and her daughter, Andrea Cannon, work with the 340 residents of Park Plaza to improve the quality of life. Hamilton, known for her faith and commitment to the community, has coordinated several events and was instrumental in creating the first annual Park Plaza National Night Out event in 2001.

The results of a lot of hard work are clear, Hamilton said. "This is a place we can be proud to come home to."

For more information on the programs of the Minneapolis EZ, please contact Director Jonathan Palmer at **(612) 673-5016**.

Boosting Homeownership in Urban Connecticut Community

New Haven, Connecticut, EZ

By forgiving 20 percent of the loan for every year a buyer remains in his or her home, the New Haven, Connecticut, EZ is looking to help 100 first-time homebuyers purchase a residence within the EZ's boundaries. The

loan-to-grant initiative—developed by Empower New Haven, the EZ's administrator—is making headway. To date, 45 EZ residents have used the \$5,000 to cover downpayment and closing costs. "The programmatic goal for homeownership is to stabilize and revitalize EZ communities," says Althea Marshall, Empower New Haven's president and CEO.

The individual development account (IDA) is another Empower New Haven HomePower program designed to encourage homebuyers within the EZ. Some 250 residents are saving toward a maximum of \$2,500, which Empower New Haven will match 2:1. The potential for \$5,000 in matching funds makes the IDA program more appealing than other, similar initiatives available in the city.

To help increase financial literacy and preserve assets within the EZ, several groups funded an anti-predatory lending media campaign. Empower New Haven, the city of New Haven, Fannie Mae, ACORN, and community housing advocates joined forces to alert residents to this practice through a press conference at city hall, newspaper articles, public service announcements on radio stations, and bus panels, both inside and outside. These panels included a call-to-action phone number for further information. The bus panels feature an EZ resident who purchased her home via the Loan to Grant HomePower initiative.

Empower New Haven has also announced a companion HomePower initiative that will provide emergency home repairs and exterior improvement repairs for EZ residents.

For more information on the programs of the New Haven EZ, contact President and CEO Althea Marshall, Empower New Haven, at **(203) 776-2777**.

Housing and Homeownership Assistance ***



Albemarle Square features 340 units for rent and ownership. The Baltimore EZ helped to facilitate the resident engagement effort and land use plans.



Gary-Hammond-East Chicago EZ financing helped to turn a vacant lot into the new Emerson Housing complex. (page 139)



The El Paso EZ has provided homeownership assistance grants to residents. (page 137)



A \$70,000 Huntington-Ironton EZ loan helped to finance the Mended Reeds Home for boys in foster care, where they live and learn social and practical skills. (page 139)



AHCUSO is a credit union initiative funded by the El Paso EZ to provide financial literacy and homeownership workshops to local residents. (page 137)

Housing and Homeownership Assistance ***



A Minneapolis EZ grant helped to renovate more than 120 affordable-housing apartments at Park Plaza. (page 140)



The New Haven EZ Loan-to-Grant initiative has helped dozens of local residents become homeowners. (page 141)



A ribbon-cutting ceremony for a New Haven EZ resident who purchased a home through the Homepower program. (page 141)




Thanks in part to a \$250,000 loan from the Miami-Dade EZ, Palmetto Homes will construct six affordable homes. (page 140)





Spotlight on Results

SECTION 6



**A Glimpse of the Round I
Empowerment Zones and
Enterprise Communities
Successes—10 Years After
Designation**



 ver the history of the Empowerment Zone (EZ) Initiative, the initial focus of the Round I EZs was almost exclusively on the Social Service Block Grant (SSBG) funds with a far less focus on tax incentives. Each of the Round I Empowerment Zones received from the Department of Health and Human Services, \$100 million in Social Service Block Grant (SSBG) funds, which then created the unanticipated results of eclipsing the Round I Zones' effort to fully use tax incentives during their 10 years of designation.

With the advent of second and third Rounds of EZs designation, an evolution took place in which federal grants were de-emphasized as the best approach for assisting designated areas. All Rounds of EZs now have the challenge of a new approach requiring the aggressive promotion and marketing of the \$11 million tax incentive package and the \$15 billion in New Markets Tax Credits.

The Round I Zones primarily concentrated on implementing activities and projects that were eligible under SSBG requirements. Because there was virtually no type of activity that was ineligible for SSBG funds, the Round I Zones had the unfettered ability to carry out a wide range of activities from housing, public services and improvements to economic development.

The Round I Empowerment Zones will be able to fully concentrate on marketing the tax incentives now that the Community Renewal Tax Relief Act of 2000 has extended the Zones designation until 2009 for the purpose of allowing the Zones to take advantage of the tax incentives for another five years. The Act increases the amount of time available to the designees and provides an opportunity to see the long-term impact of tax incentives on job creation and other economic and community development activities that improve the lives of Zone residents.

Part 6 of Spotlight on Results offers profiles showing how cities have realized the goals of the Empowerment Zone and Enterprise Community (EZ/EC) initiative. In 1994 five urban Round I EZs—Atlanta, Baltimore, Chicago, Detroit, and Philadelphia/Camden—were designated for a period of 10 years, which was set to end on December 31, 2004. To ensure the continued availability of tax incentives to businesses to these EZs, their designations have been extended to December 31, 2009.

Each Round I urban EZ received \$100 million in Social Services Block Grants, with the dual-designation cities of Camden and Philadelphia receiving **\$50** million each. The U.S. Department of Health and Human Services (HHS) has administered these grants. Along with the Social Services Block Grants, the Round I urban EZs also received tax incentives with an estimated value for the first 5 years of \$2.5 billion. These incentives consisted of wage credits, increased IRS Section 179 expensing, and tax-exempt bond financing.

On December 31, 2001, HUD designated 40 Renewal Communities (RCs). Among them was the city of Atlanta, a Round I EZ. Due to the Community Renewal Tax Relief Act of 2000, Atlanta lost its designation as an EZ when it chose to become an RC. The city of Atlanta was offered an opportunity to have a profile of its EZ included in this part of Spotlight on Results, but it was decided that, given the city's recent move to RC status, a story would not be feasible.

Also in 1994, 65 urban ECs were designated, with each receiving \$3 in Social Services Block Grant funds from the U.S. Department of Health and Human Services. Except for tax-exempt bond financing, businesses located in an EC have not been eligible for other tax incentives. The designation for urban ECs ended in 2004 and was not extended. Part I

includes success stories for the ECs in Manchester; New Hampshire; Waco, Texas; and Phoenix, Arizona. These three cities have been outstanding in carrying out their strategic plans and in making a positive difference in the lives of their residents.

The EZs and ECs profiled here illustrate how cities across the country have succeeded in empowering their residents to act on four key principles: **Building Community-based Partnerships, Creating Economic Opportunity, Encouraging Sustainable Community Development, and Implementing Tax Incentives.** The information in each profile is based on interviews with EZ and EC representatives.

A few outstanding projects hint at the range and depth of the EZ residents' and businesses' accomplishments described in the following profiles. In Baltimore, one community literally did not exist until EZ-empowered residents formed a nonprofit community development organization, which has pursued safer streets and market-rate housing. In Camden, residents used the Internet to find out how to get free trees to plant on their streets, which are now models for tree planting all across the city. In Chicago, a cooperative business has been able to build a new \$3 million grocery store and has trained and hired residents to fill the resulting 100

new jobs. In Detroit, residents have brought a derelict park back to life as a lively gathering place and center for youth services, and it is now a model for other neighborhoods that also want great parks. In New York, residents' and firms' projects have spurred close to \$800 million in combined direct and indirect private investment. And in Philadelphia, strong EZ-created community-based organizations have led to a range of initiatives like local funding streams that will continue to benefit their neighborhoods long after the EZ has finished its work.

Likewise, EC residents and businesses have pursued successful projects to improve their communities. In Manchester, high-technology firms, light manufacturing companies, and service and distribution businesses have created more than 170 jobs within the EC. Innovation is at the heart of the Phoenix EC's strategic vision for change. Since its designation as an EC, it has expended more than \$1 million on a variety of job training and placement programs to help increase the employability of residents and has worked to ensure that residents with jobs have the opportunity to advance. And in Waco, more than 2,700 EC residents have received computer training, attended job-readiness clinics, and learned industry-specific skills such as carpentry and small engine repair.

Baltimore Communities Lay Foundation for Prosperity

Martin O'Malley, Mayor of Baltimore

Baltimore, Maryland, EZ

"I'm proudest of the foundation we have laid for increasing the city's wealth," explains Diane Bell, the former head of Empower Baltimore Management Corporation (EBMC), the city's EZ agency that has been enabling this old port city to help meet the challenges of retooling its economy for the information age. In pursuing its mission of increasing citizens' incomes by empowering them to organize and develop their own communities, EBMC has successfully acted on the four key EZ principles: building community-based partnerships, creating economic opportunity, encouraging sustainable community development, and implementing tax incentives.

Baltimore's EZ extends over approximately 7 square miles east and west of downtown and includes several historic inner city neighborhoods that are home to about 60,000 people. By staying on target with its main goal of increasing citizens' earning power through training and well-paying jobs, EBMC has created almost 5,700 new jobs, placed approximately 11,000 people in jobs, reduced crime by roughly 60 percent, increased homeownership by almost 6 percent, and helped several communities create and implement their own economic development plans. From 1995 to 2000 public and private investments in



Martin O'Malley,
Mayor of Baltimore

the EZ's communities totaled approximately \$1.2 billion.

Two of these communities, Washington Village and East Harbor, illustrate how EBMC has taken advantage of the EZ to improve the city. Washington Village literally did not exist as a community until the EZ designation empowered a group of local people to form a nonprofit community development organization. Through this organization residents have formed a partnership with the State's attorney's office to fight drugs, prostitution, and related crimes thus helping to stabilize the community. And they have gone on to pursue efforts to build market-rate housing and set up a Main Street project to enhance their business district.

Along with Washington Village's community development organization, the EZ has also helped to establish two other community-based nonprofit corporations called village centers, which are continuing to facilitate the EZ's strategies. Each village center is based on a coalition of residents, businesses, and local institutions and offer a variety of essential services through a career center and other resources.



Diane Bell, EBMC

In East Harbor, another village center that is a prime development site on the city's waterfront, an EZ-spurred land use plan has enabled the community to capitalize on HOPE VI redevelopment and attract a large hotel and high-quality housing, thus boosting the city's tax base. The community has also brought in jobs by forming a partnership with Hewlett Packard to establish a computer laboratory and increased homeownership by helping resi-

dents set up individual development accounts.

EBMC has enabled these communities to succeed with “a strategy of forming partnerships with local employers and educational institutions and by marketing the EZ’s tax incentives and other advantages in cooperation with the city’s and State’s existing economic development agencies,” explains Bell. In this way, by building on the work of these established agencies, the EZ’s advantages have been maximized as part of a total package of benefits. For example, with the help of EBMC and the city’s economic development agency, BankOne chose downtown Baltimore as the site of a new check-remittance center employing hundreds because it would be able to take advantage of several key assets: the city’s trained workforce, the EZ’s ability to create customized training, a prime location across the street from the main post office, and the bonus of EZ tax credits.

The success of these community-based partnerships is best shown by looking at how the EZ’s projects have empowered particular residents through customized job training leading to good jobs with career potential. For instance, Baltimore City Community College and EBMC together developed a customized job-training program in partnership with Chesapeake Biological Laboratories (CBL), an EZ business that manufactures pharmaceuticals. The partners determined the job skills and interests of potential employees, nine EZ residents were selected to join an intensive training course, and all nine were hired by CBL, which received tax credits. Similar successful job-training partnerships among EBMC, local colleges and universities, and a host of locally and nationally based firms have led to many good jobs for local residents.



Jim Shea, EBMC Chair

Other EZ projects have led to direct business startups and job creation. A prime example is Charm City Signs, whose founder Joey Richards states, “I don’t believe that a traditional bank would have loaned me money to start my business.... The Empowerment Zone was the first and last [source] I went to.” Richards had no experience in graphic arts, and as an unemployed single mother and novice entrepreneur, she stood little

chance of finding a traditional lender willing to finance her business. When searching the Internet one day, she discovered the U.S. Small Business Administration’s One-Stop Capital Shop at EBMC’s Business Empowerment Center, which helped her find potential business sites in the EZ. She eventually settled on a site in East Harbor, where—with a 7-year EBMC loan of \$100,000—she leased the space to house the now-thriving Charm City Signs.

Another EZ-empowered resident, Bruce Coley—a young African American from the struggling Sandtown Winchester community—is now a surgical technologist with a good job, thanks to having graduated from customized training offered by the EZ and Johns Hopkins Health Systems. After much hard work studying and having endured limited finances, he completed his training and is now on a clear career path in healthcare. “Little did I know that this would be the turning point in my life,” Coley recalls. “As soon as I signed up, I felt like a whole new world had been opened up to me.”

Still another resident grateful to the EZ is Dorothy Scott, who has traveled a path from public housing to a good job and to homeownership. When the East Harbor Village Center was organizing its career center, it sought someone who knew the neighborhood and could work well with the commun-

ity. Scott—then a public housing resident and recreation leader with the Baltimore City Housing Authority—was selected for the job of the center’s client service coordinator because she lives and works in the community and is respected by the residents. “This job was a step in empowering myself financially and physically,” she states. “I used to live in public housing, but now I own my own house.”

In empowering these and many more Baltimore residents, EBMC has overcome several hurdles. Most of these, according to Diane Bell, were the common problems of dealing with constantly changing communities, where leaders might just hit their stride and then move on and where new people and organizations need to develop trust and become informed about challenges and opportunities. EBMC has overcome these hurdles with a process of “constant communication” with its partner community organizations through newsletters, its Web site, and the media.

Recently, as EBMC prepares for its closing as its 10-year term expires, it has been working to ensure the sustainability of its programs. It is assisting the EZ’s community-based organizations to develop the capacity to continue building the collaborative initiatives that will enable their communities to thrive. For instance, two planned biotechnology parks on the west and east sides of the EZ will benefit significantly from new investments in both physical and human capital by major partners, including the Federal and city governments, Johns Hopkins Medical Systems, the University of Maryland Medical Systems, the Annie E. Casey Foundation, and many other foundations and funders. The two parks will create about 13,000 new jobs, and EBMC is



Gwendolyn A. Faison,
Mayor of Camden

assisting the village centers where the parks will be located to determine anticipated workforce needs and find opportunities for small and minority businesses.

As the EZ winds down, EBMC will be part of the city’s economic development strategy for only a little longer. But its legacy will continue to enrich the city. The strong, permanent community-based organizations it has helped to establish and the thousands of residents it has helped to train and start good careers are putting Baltimore on the path to prosperity.

For more information on Empower Baltimore Management Corporation, contact Tanya Terrell at **(410) 783-4400** or visit **www.baltimoreempowermentzone.com**. For up-to-date information about Baltimore’s Empowerment Zone, tune in to *Empower Hour* on WOLB 1010AM every Tuesday morning at 10 a.m.

Trees and Hope Grow in New Jersey

Gwendolyn A. Faison,
Mayor of Camden

Camden, New Jersey, EZ

“The things that our residents have learned and overcome have been incredible,” exclaims Rick Cummings, the head of the Camden Empowerment Zone Corporation (CEZC). “The EZ has empowered them to really broaden their horizons. For instance, one neighborhood group that had received EZ financial and technical assistance, instead of turning to the EZ, went to the Internet and found out how they could get 80 free trees to plant on their local

streets. One thing led to another, and neighborhood tree planting has spread across the city.”

These trees—symbols of hope—epitomize the positive change that the EZ has brought to Camden, a struggling city of about 80,000 people across the Delaware River from Philadelphia. The Camden EZ covers about a quarter of the city’s population, and these committed residents have taken advantage of the EZ’s benefits in undertaking many kinds of new initiatives to help them realize their vision of “a transformed Camden, harmonious villages in which to raise children, where families are proud to live and people are excited to visit.”

The variety of successful EZ projects illustrates the residents’ empowerment. One project, the Cooperative Business Assistance Corporation (CBAC), a nonprofit community development fund, manages CEZC’s \$2 million small business development fund and provides a variety of lending programs to small businesses that have difficulty accessing traditional credit markets. CBAC also leverages CEZC funds with capital from local banks, the U.S. Treasury Department, private foundations, and the U.S. Small Business Administration. More than 60 EZ businesses have received almost \$2 million in loans leveraged with more than \$10 million from other lenders, which resulted in more than 500 jobs being created and retained in the EZ.

The EZ has enhanced homeownership opportunities with ambitious projects like Cooper Grant Homes, which has been described as the first market-rate, new housing construction in Camden since the 1950s. The project was originally planned as 24 single-family homes in the Cooper Grant EZ neighborhood adjacent to Camden’s waterfront. Local residents recently requested that the project be increased to 28 subsidized units to be sold

at market rate without an income cap being imposed on purchasers. Progress to fill a significant funding gap was slow, but the project is now fully financed and getting under way.

To strengthen sustainable community development, CEZC has facilitated such innovative efforts as the Police Multi-Agency Life Line (MALL), which has been organized by the Camden Police Department to combat delinquency among the city’s youth and offer alternatives to the filing of criminal charges. MALL unites approximately 20 law enforcement, justice, education, and human service agencies in a “one-stop shop” offering many kinds of services. For example, therapists in the family intervention unit provide therapy and advocacy during the day, in the evening, and on weekends. And the Safe Haven, an afterschool enrichment program based at Rutgers University, helps youth who would otherwise have been subject to the justice system. Safe Haven graduates serve as mentors, peer counselors, and field trip chaperones; provide violence-prevention workshops for other youth; conduct neighborhood cleanup projects; and collect food and holiday gift donations for needy families. Since MALL began, the number of youth annually referred to family court has decreased from 1,600 to approximately 900, even with a 10-percent increase in arrests.

To increase economic opportunity, Rowan University has formed a partnership with the CEZC to provide basic computer literacy and software training to EZ youth and their families at the Camden Neighborhood Technology Center. Donated personal computers are refurbished by trained technicians at the center and provided free to Camden youth from EZ schools. The program requires that the youth and at least one parent complete the training together. Upon completion of the training, each youth is given a free refurbished computer.

To market and utilize the EZ's tax incentives, CEZC has used \$7 million in EZ facility bonds to provide permanent financing for Camden's new minor league baseball stadium. And CEZC also has presented workshops on the various tax incentives, mailed and faxed marketing materials about the tax incentives to businesses, and created an EZ business grant program for Camden businesses that hire EZ residents. The EZ business grant is an extra incentive to encourage small businesses to increase their EZ resident employees. The EZ business grant program, which is also marketed by student interns, has been a way for the CEZC to increase the use of other tax incentives while presenting immediate rewards to the Camden businesses employing EZ residents. Along with the business grant program, the EZ's other two outstanding uses of tax incentives have been through its entrepreneurial and training loans for small businesses and the small business development fund described above.

These and many other successful EZ projects also have leveraged substantial additional assistance from the public and private sectors. For instance, when the EZ planned to use \$1.3 million to improve four major downtown streets, it was eventually able to piggyback these funds onto State plans to build a light rail system to Trenton, the capital. As a result, in cooperation with the Cooper's Ferry Development Association, the EZ was able to concentrate the initial funds on renewing just one street and also get \$12 million more for other downtown streets.

The EZ has facilitated these improvements after having overcome one main hurdle: governance. At first, the EZ was administered as part of the city government, which tended to complicate planning and coordination. But once the EZ was able to set up its own nonprofit agency with the support of the State government, it developed a resident-based management structure that has enabled the communities with the greatest stake in

the EZ's success to control its process and programs.

One resident who appreciates this community-based EZ structure is Ericka Ayers, who has her EZ-funded job training to thank for "providing me with the road map I need to make my dream possible"—a 9-week course in small-business development, which taught her to write a business plan, manage finances, market her services, and obtain a microloan. Ayers used her training to start Maid to Serve, a professional commercial and residential janitorial cleaning service. And because she had completed the EZ training, Ayers was selected to enter the Community Janitorial Venture's training program, which has given her more training and access to commercial cleaning markets, such as winning a large subcontract to provide local service to the U.S. Census Bureau.

Another group of empowered residents has formed a partnership with the Latin American Economic Development Association (LAEDA), which the EZ provided with \$100,000 to expand its efforts to help local people get training, develop business plans, and start their own businesses in the EZ. LAEDA has formed a partnership with the Cooperative Business Assistance Corporation to provide startup funds for entrepreneurs and it also has worked with the Hispanic Family Centers of Southern New Jersey to recruit participants at churches, community-based organizations, and nonprofit agencies.

"The greatest benefit of the EZ has been to empower Camden's residents to make changes in their own lives, beyond the use of money," sums up Cummings. "There is nothing like looking at residents' faces when they realize that they can solve a problem."

For more information, contact Program Manager Darrell Staton, CEZC, at **(856) 365-9061**, or **www.camdenez.org**.

Chicago Builds its Communities' Capacities

**Richard M. Daley,
Mayor of Chicago**

Chicago, Illinois, EZ

“Since the program started nearly a decade ago, the Chicago EZ’s accomplishments have included the creation, retention, and placement of 3,400 jobs; giving grants to nearly 60 small businesses; and assisting businesses in EZ communities secure more than \$7 million in outside funding,” notes Jarese Wilson, the city of Chicago official responsible for the EZ. The Chicago EZ thus has had a very significant impact across its 26 neighborhoods with approximately 200,000 residents. The EZ has assisted 260 subgrantees to sustainably improve their communities by funding projects in its major strategic areas, including affordable housing, capacity building, youth futures, economic empowerment, cultural diversity, health and human services, and public safety.

The Chicago EZ has built on the success of its programs and partnerships in past years and continues to show effective results. In addition to allocating funds to more than 260 projects, EZ dollars have been leveraged with more than \$150 million, which has directly benefited more than 76,000 residents. To help maintain the growth that has been accomplished by its funded programs, more than \$6 million has been leveraged from the \$722,000 awarded to five EZ subgrantees, which provide many services—such as assistance with operational and programmatic development, grant-writing skills, and fiscal management—that are helping to



**Richard M. Daley,
Mayor of Chicago**

increase sustainable community development.

The Chicago EZ’s many accomplishments have had a strong positive impact on the city. It has invested \$22 million to build or renovate nearly 300 rental housing units, 100 assisted-living units for seniors, more than 300 units in previously abandoned or vacant buildings, a 100-unit single room occupancy facility, 16 two-flats, and 10 single-family homes. It has invested \$12 million to expand and build medical centers, including service delivery networks, child and family service centers, and primary healthcare facilities. And it has invested \$10 million in projects that enable EZ residents to build on their ethnic and cultural heritage as an economic development tool. The EZ has also assisted more than 20

youth-futures projects for children and teenagers in EZ communities. It has helped seven organizations to reduce violence in their communities, including several anti-gang and community-policing initiatives. It has invested \$19 million to fund 2 career centers and 22 affiliates, which have served 4,900 EZ residents and 30 community organizations and businesses. Nearly 160 men and women have completed an EZ-funded pre-apprenticeship construction-training program.

To achieve these numerous positive outcomes, the Chicago EZ has created linkages between residents and community organizations and businesses, building foundations for both EZ efforts and ongoing community development. The keys to these successful efforts have been the six cluster organizations within the EZ. Because each cluster organization represents a particular geographic area—tying together all the area’s governmental, commercial, and private enti-

ties—it is able to articulate the area’s pressing needs as well as pinpoint opportunities for future development. These cluster organizations are continuing to operate through the end of the Chicago EZ initiative and are completing projects concerned with three top priorities: economic empowerment, youth futures, and affordable housing.

Overall, the EZ’s economic empowerment initiative has received almost \$34 million in Federal funds and about \$11 million in State funds, and it has leveraged almost \$32 million in other private and public support. These funds are being used for projects addressing the business development, workforce development, and capacity building needs of the EZ’s communities. The most popular, well-received, and innovative economic empowerment effort has been the direct grant initiative, which has focused on small existing, home-based, and startup for-profit businesses. Community residents have helped determine which applicants to fund. For instance, the grant has enabled Curlie’s Bakery in the West Side EZ to buy machinery, expand production, and increase sales. Among the other efforts concerned with economic empowerment, the Hyde Park Cooperative in Chicago’s South Side EZ community has used \$3 million to build and equip a new grocery store. EZ residents have been trained and hired to fill 100 new jobs.

An outstanding business assistance effort has been Chicago Community Ventures (CCV), which provides many business assistance resources, including business training, financial planning, and an information technology center. As of 2003, CCV had led more than 300 business assistance workshops, assisting almost 800 residents and 300 EZ businesses. And outside the EZ, CCV has served more than 700 businesses, which are now creating sustainable opportunities for EZ residents.

Finally, the EZ has increased the city’s stock of affordable housing through such programs as

the Small Multifamily Preservation Project, which started as one of two EZ housing activities funded with \$2 million by the Chicago city council. To augment EZ funding for the project, the Chicago Department of Housing contributed \$2 million and private financing sources added another \$1 million. These funds have assisted more than 50 housing units, with services focused on maintaining the viability of 4- to 10-unit residential buildings. The Chicago Department of Housing contributed almost \$1 million toward acquiring and rehabilitating 17 units in 4 buildings. The small multifamily preservation project also funded a second phase of small-building acquisition and rehabilitation in the Pilsen and Little Village communities. This effort was developed by the Resurrection Project, an EZ business, which managed the property after subcontracting most of the construction work to other EZ businesses that are members of its construction cooperative. In sum, the EZ’s housing efforts have helped serve nearly 1,000 residents with more than \$19 million in EZ funds and \$68 million in leveraged funds.

One main hurdle the Chicago EZ overcame has been the need to build the capacity of its community-based grant and loan recipients—enabling them to do everything from handling contracts to documenting service delivery. This capacity-building effort has been especially successful in enabling the recipients to learn to manage the EZ’s construction projects.

In pursuing this capacity building in the context of implementing its many successful projects, the Chicago EZ has built a strong foundation for sustainable community development beyond the life of the EZ initiative. The EZ’s many projects have created solid structures—ranging from childcare centers, healthcare facilities, and housing units to community network structures built around educational programs, job training, and business assistance. These projects have provided

services to more than 76,000 people across the diverse communities of Chicago. But most of all, the people who have taken the lead in creating and completing these projects are now empowered to continue developing their communities.

For more information, contact Managing Deputy Director Jarese Wilson, city of Chicago, at **(312) 744-7870**.

Detroit Empowers Residents To Become Leaders

Kwame Kilpatrick, Mayor of Detroit

Detroit, Michigan, EZ

“The most exciting result of our EZ is the cadre of people whom the zone has touched,” states Detroit EZ head Larry Givens.

“These groups of people throughout the EZ, whom it has helped to become leaders, will continue to revitalize neighborhoods, take care of children, and attack other problems long after the zone has ended.”

Detroit’s EZ covers about 18 square miles across the southwest, central, and near east sections of the city. The area is home to approximately 85,000 residents and 3,000 businesses. The southwest subzone has been particularly active in taking advantage of the EZ’s opportunities. All of the EZ’s programs have been grouped under three themes, according to how they benefit EZ residents: clean and safe, healthy and smart, and living and working. Clean and safe programs have addressed the general safety of residents as well as the cleanup and beautification of neighborhoods. Healthy and smart programs have focused on the educational, physical,

and mental health needs of residents. And living and working programs have encompassed the overall quality of life for residents and addressed their transportation, housing, recreational, job-training, and employment needs.

The EZ’s role in the southwest subzone illustrates how these themes have been useful in empowering residents. A seminal effort was the process that led to the birth of the Clark Park Coalition. Clark Park, long neglected, was scheduled to be shut down, but residents and other volunteers decided to reclaim the park. They formed cleanup squads and restored athletic and recreational programs on weekends. With a \$150,000



Kwame Kilpatrick,
Mayor of Detroit

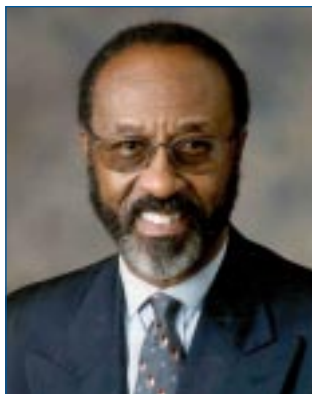
investment from the EZ, they extended programming to 7 days a week, made significant infrastructure improvements and introduced new intergenerational sports, games, and other activities that created an engaging, safe haven for children and families. Its ice rink is a lively gathering place for local youth, attracting hockey-player mentors and now even academic mentors who work with the youth at the park’s field house. The EZ’s investment has leveraged about \$1 million in contributions from public and private sources, ranging from the city’s Recreation Department to Ford Motor Company. And the residents’ effort to bring Clark Park back to life is now serving as a model for residents in other neighborhoods who also want great parks.

A prime example of how residents are following the Clark Park model, and thus becoming empowered, is the development of a new football and athletic field in the north end of Detroit—the first football field the city’s Northern High School has ever had on which to play its home games. And Beniteau Park—an east side site carved out of

litter-strewn lots—has been renewed to become a recreational haven for youth and seniors alike.

In achieving these and many other successes, the EZ has depended on innovative partnerships and agencies. For instance, the Shorebank Development Corporation has been a leader in bringing new vitality to the EZ. Shorebank is a new type of financial institution, a community development bank, combining for-profit business acumen and nonprofit enterprise with a genuine motivation to rebuild long-neglected neighborhoods. After it opened its doors in 1997, Shorebank got off to a strong start; near the end of that year, the bank had surpassed its first goal by closing on 17 residential properties worth nearly \$1 million and making commercial loans for more than \$80,000. Most of these loans enabled residents to purchase and rehabilitate houses, boosting property values in the area. On the commercial side, Shorebank acquired an 8,000-square-foot property on the east side and invested \$400,000 to rehabilitate it. Moreover, Shorebank Enterprise, the nonprofit arm of operations, established an enterprise development loan fund to benefit local entrepreneurs, especially minority businesses providing jobs for local residents. The fund has raised several million dollars from the Ford Foundation, the Charles Stewart Mott Foundation, and other philanthropic sources.

Detroit's physical infrastructure had decayed in recent years with the city's loss of businesses and population. To attack this problem, the EZ embarked on a number of creative projects. One example is the renovation of the historic Architects Building and the Ghandi-McMahon Building. In 1998, having witnessed the effects of past disinvestment and decay, the Cass Corridor



Larry Givens, Detroit EZ

Neighborhood Development Corporation decided to undertake an innovative 51-unit housing project. The redevelopment of the 1924 Architects Building was unique because all the materials used to renovate it were recycled—including carpets made from plastic bottles, ceiling tiles containing newspaper scraps, recycled paint, and studs containing recycled steel. The program is designed to lessen the

impact of construction materials, which make up an estimated 30 percent of all landfill materials. The reborn Architects Building features seven two-bedroom units with central air conditioning and new appliances. Environmentally sensitive materials and techniques were also used in renovating the Ghandi-McMahon Building across the street. A \$250,000 pilot grant from the Michigan Department of Natural Resources' Solid Waste Alternative Program provided seed money for the project, and additional funding of \$6.1 million came from various public and private sources.

Among its many efforts to build sustainable communities, the EZ has invested \$8 million in a partnership with the Detroit Police Department to implement a community-policing program. The role in this effort of one young woman, Toyia Watts, who lives on the city's east side, also shows vividly how EZ residents are being empowered to make a difference. As the president of Communities United Together, Watts helps her group of neighbors navigate the city bureaucracy and develop strategies to reverse the conditions that led to neighborhood decline. "I got to know local precinct commanders. I got to know the environmental officers and the city inspectors who deal with this neighborhood," Watts explains. "I realized that one person or one group could not go it alone. So I started networking with the people. As

a result, with the help of our partners in the police department, conditions are beginning to improve and crime is going down.”

Today, Watts is a working woman, with a part-time job as a building-code specialist at the neighborhood-based Warren-Conner Development Coalition, where she explains to callers what to do about abandoned cars, where to call to report illegal dumping on a vacant lot, and how to take control of their living environment.

Of the EZ tax incentives, Detroit has been most successful in using the wage credit. For example, Bridgewater Interiors, which manufactures automobile seats for General Motors and other companies, has received wage tax credits for the more than 300 employees of its new plant, who live nearby in the EZ. Bridgewater estimates that it has saved almost \$1 million through the wage tax credits.

One obstacle faced by the EZ was how to streamline the complex process of city, State, and Federal controls over the EZ’s funds. The EZ mitigated this complexity by forming a separate nonprofit administering corporation, which holds a master contract and thus can receive a share of funds from the city and distribute them directly to project sponsors as subcontractors.

Finally, Givens notes that “when the EZ ends, the people and organizations it has nurtured will continue to achieve successes because they’ve learned the formula for community development, and this democratic citizen power, more than bricks and mortar, is the EZ’s great legacy.” Across the city—from the youth enjoying Clark Park to the people living in the Architects Building—these empowered residents are surely building on this legacy.

For more information, contact Director Larry Givens, Detroit Empowerment Zone, at **(313) 872-8050** or **www.detez.com**.

New York Cooperates To Achieve Dramatic Success



Michael Bloomberg,
Mayor of New York

Michael Bloomberg, Mayor of New York

New York, New York, EZ

“The mayor and the governor have worked with the people of Harlem and the South Bronx to rebuild communities and change lives through the EZ, whose many projects have spurred close to \$800 million in combined

direct and indirect private investment,” sums up New York EZ corporate secretary Marion Phillips. “And everyone—government, local development corporations, residents, and businesses—has come together in this successful effort.”

The New York EZ’s multimillion-dollar leveraging is just one of its many accomplishments, which are as dramatic as the premier U.S. city it serves. It has disbursed about \$112 million, undertaken almost 300 initiatives, and created and retained approximately 13,000 jobs. The EZ has been able to achieve these successes thanks to the two strong community-based organizations that it encompasses—the Upper Manhattan Empowerment Zone Development Corporation and the Bronx Overall Economic Development Corporation, which serves the South Bronx.

Upper Manhattan and the South Bronx were selected for strategic reasons to serve as the focuses for New York’s EZ. Upper Manhattan,

long known as a cultural capital, is once again thriving. Economic opportunities, business activities, and a flourishing cultural life have attracted worldwide attention. When people talk about Upper Manhattan, conversation has historically revolved around renowned jazz musicians and composers, great writers, and cultural venues and institutions like the Dance Theater of Harlem, the Apollo Theater, the Lenox Lounge, and the Cotton Club. Today, people also see enormous business possibilities in Upper Manhattan. Many residents are skilled and talented workers who would like to help restore the area to its glory days of the early 1900s. And with the help of the New York EZ, these residents are seizing the opportunity to enable Upper Manhattan to once again become a symbol of economic and cultural vibrancy.

The borough of the Bronx is also well on its way to restoring its one-time economic prominence. In 1997 the Bronx won the prestigious All-American City Award, presented by the National Civic League in a national competition among America's most improved communities. The Bronx's resurgence has been noted by local, national, and international media. For example, *Smithsonian Magazine* has written: "Few are aware of the dramatic turnaround. Welcome to the good-news Bronx!" A number of businesses have relocated to or expanded in the Bronx EZ, taking advantage of tax benefits and low-interest loans.

For the EZ, the Bronx has had the particular asset of land available for development. Taking advantage of this land, for instance, is the major Fish Market at Hunts Point Cooperative Market project, which is bringing in 800 jobs at about 70 businesses that are relocating from the Fulton Fish Market in Manhattan. To provide a smooth transition for these relocating businesses, the EZ has proposed to provide them with financing for construction, equipment purchases, and

working capital, for a total projected investment of \$4 million.

Both Upper Manhattan and the Bronx have been very proactive in marketing and utilizing the EZ's tax incentives, particularly to small- and medium-sized businesses. They have mailed notices, distributed flyers, and conducted workshops on the incentives. And they have also worked with firms that have received EZ loans to make sure that they hire local residents, as required for the wage tax credits. An impressive range of projects has benefited from this approach. For instance, an integral part of the Bronx at Work program is utilizing the array of EZ and complementary city and State tax benefits available to employers as a powerful incentive to hire employees from the zone. Approximately \$17 million in facility bonds have been authorized in Manhattan for General Motors' construction of the East Harlem Auto Mall, which is expected to create more than 250 permanent, high-paying, full-time jobs.

In its 10 years, several of the New York EZ's many projects have been particularly notable for their ambitious accomplishments. For instance, when A.L. Eastmond & Sons—a major manufacturer of industrial boilers and steel storage tanks based in the Hunts Point section of the Bronx EZ—wanted to expand its plant, access to capital was scarce. An additional 60,000 square feet of production space was needed to enlarge Eastmond's facility and hire 50 skilled workers. With \$250,000 in private capital, Eastmond approached the Bronx Overall Economic Development Corporation and secured a \$450,000 loan. And Eastmond was able to train its new employees, many of them EZ residents, for high-paying union jobs with an EZ grant of \$350,000. An additional \$100,000 low-interest loan was secured from Fleet Bank through the Empire State Development Corporation, New York State's economic development agency. These funds

were used to buy the space directly behind Eastmond's existing headquarters. The success of this project, as Eastmond president Leon Eastmond puts it, is reflected in the fact that "A.L. Eastmond is committed to employing and retaining workers in the Bronx so we can continue our expansion into new markets"—a goal fully supported by EZ funding and assistance.

Across the Harlem River in Upper Manhattan, other equally imaginative projects have empowered residents with more access to economic opportunity and good jobs. An outstanding example has been the development of a credit union in the Washington Heights neighborhood, whose residents formerly had little real access to capital and were forced to use conventional banks that often required huge loan collateral or charged exorbitant interest rates. To remedy this lack of affordable credit, two young public school teachers quit their jobs to form a credit union. The resulting Neighborhood Trust Federal Credit Union seeks to provide credit and banking services to EZ residents. The credit union got off to a strong start—more than 50 people showed up to open accounts in its first 4 days of business, large private banks pledged nearly \$500,000 in low-interest deposits, and the EZ made a \$40,000 grant and nearly \$250,000 in low-interest loans. The credit union has since prospered, opening up many new paths to economic opportunity for EZ residents.

Finally, this being New York, the EZ has even facilitated more show business and culture in both Upper Manhattan and the South Bronx. In Upper Manhattan the EZ has assisted with the development of Broadway Video, a \$1.1 million postproduction facility. In partnership with Citibank, the EZ lent Lorne Michaels, the producer of the *Saturday Night Live* television program, almost \$900,000 to buy equipment and renovate an existing building thus invest-

ing in a growing business that is creating high-technology, high-paying jobs for Upper Manhattan residents. Broadway Video, which does video duplication, storage, and transmission of tapes by satellite, is now located on the site of a former automobile plant, where it has heavy freight and power capacity and access to public transportation. Its projected first-year revenues were \$2 million, and it expected to create at least 20 high-technology and other jobs for EZ residents.

In the South Bronx more than \$500,000 in EZ funding is enabling the Pregones Touring Puerto Rican Theater to expand in a neighborhood widely recognized as the burgeoning Bronx Cultural Corridor. Pregones has distinguished itself as an established theater group specializing in Hispanic theatrical plays and performances. One of the theater's administrators, Rosalba Rolon, explains that "this funding marks a major milestone in our 15-year history of providing residents from across the city and tourists alike, with an affordable way to access cultural, artistic, and educational events."

In bringing these and its many other projects to fruition, the New York EZ has had to meet the challenge of nurturing cooperative relationships and partnerships among the State, city, and local development corporations, while maintaining the EZ's commitment to a grassroots approach. "The EZ's board has facilitated this coming together," Marion Phillips explains. "It has balanced varied interests to build community." In meeting this challenge and pursuing its many successful projects, the New York EZ thus has ensured future sustainable development for the people and communities it has served.

For more information, contact Corporate Secretary Marion Phillips of the New York Empowerment Zone, Empire State

Development Corporation, at (212) 803-3239 or www.nyc.gov/html/om/html/nyez.html.

Philadelphia Creates Strong Community Institutions

John F. Street, Mayor of Philadelphia

Philadelphia, Pennsylvania, EZ

“Our two most important accomplishments are the community-based organizations we’ve created and the new institutions we’ve helped to start,” said Eva Gladstein, head of the Philadelphia EZ. “These organizations are facilitating a variety of strong partnerships, which in turn have led to a range of new institutions—from business loan pools for each neighborhood to local funding streams to efforts to transform vacant lots—that will continue to benefit their neighborhoods long after the EZ has finished its work.”

By collaborating with local planning boards, community-based organizations, businesses, and city agencies, the Philadelphia EZ has worked toward a common vision built upon each neighborhood’s strengths to create vibrant communities in three designated sub-zones, which together cover a 2.5-square-mile area. Two of these neighborhoods—the American Street and North Central Zones—border each other and are located in the city’s north central section. The third community—the West Philadelphia Zone—is located west of center city bordering Fairmount Park. As of 2003 more than 200 loans, ranging from \$400 to \$3.5 million, had been made

to almost 140 businesses in the EZ, creating more than 1,100 new jobs for EZ residents.

The EZ’s use of tax incentives has been tied to its efforts to help these same firms grow and prosper. “We work with EZ-based businesses to help them see how they can use wage tax credits, which also helps to introduce them to the broader EZ goals,” noted Gladstein. And this effort ties back into the EZ’s strategy of institution building.



**John F. Street,
Mayor of Philadelphia**

A prime example of the EZ’s effective institution-building approach is its Neighborhood Funding Stream projects in the American Street and North Central communities, which will last long beyond the EZ and support the sustainability of its efforts through several mechanisms. The funding streams will continue the role of the community trust boards, the EZ’s

governance bodies, which are responsible for identifying community needs and overseeing funding, investment, and spending. The funding streams are helping the EZ’s programs to attain sustainability by making grants to projects that meet EZ principles and address its identified funding priorities. The first phase of these projects—making low-risk, short-term loans, underwritten by the community lending institutions developed by the EZ—is nearly complete. Since January 2004 approximately \$7 million derived from loan principal repayment has been deposited with the city’s funds manager to begin building the funding streams. In the second phase the community trust boards are in the final stages of determining funding priorities, and the first disbursement of funding stream grants will be made in early 2005.

To work toward meeting two of its sustainability objectives—to develop strong, replica-

ble program models, and to create a solid foundation for other public and private investments—the EZ undertook early action planning for the Mayor Street Neighborhood Transformation Initiative, which involved staff from 8 city agencies, 24 business leaders, and 8 community-based organizations (CBOs), along with more than 300 residents participating in community meetings. The EZ’s work in support of the Neighborhood Transformation Initiative has since fostered the creation of two new CBOs, the American Street Business Advisory Committee (ASBAC) and the Girard Avenue Coalition. In cooperation with the EZ, ASBAC and its members have developed a security program and a plan for streetscape improvements for the area and supported projects to promote a cleaner business district. Through this effort, ASBAC members have made in-kind contributions to the Clean Corridors program; worked in partnership with city agencies to address neighborhood problems; such as nuisance properties and illegal dumping; and sponsored the maintenance of vacant lots.

Along Girard Avenue—an important commercial corridor that cuts through two EZ neighborhoods—the EZ has facilitated the formation of the Girard Avenue Coalition, which has focused on planning and implementing streetscape improvements and on strengthening the relationships among the corridor’s businesses, CBOs, and residents. In addition, the EZ has forged a partnership with the Local Initiatives Support Corporation to support the coalition’s efforts. This partnership has obtained foundation funding to hire a full-time community organizer and to complete a vision statement.



Eva Gladstein, Philadelphia Empowerment Zone

Resources leveraged to support the Girard Avenue Coalition have included more than \$200,000 in funding from the William Penn Foundation and the Delaware Valley Regional Planning Commission to devise a comprehensive economic development and land use strategy. Additional funds were secured to develop a public art and gateway project on one end of the corridor; the city is investing \$1 million in related streetscape improvements. And the State has made a \$5 million grant for acquisition, infrastructure, and streetscape improvements. Finally, the coalition has recently formed an independent nonprofit organization that will soon hire its own executive director and is guided by a board of directors composed of community, business, and institutional representatives.

Most important, the EZ’s work has had an impact on broader city policy. For instance, the city is replicating the EZ’s model for vacant land stabilization in six areas, which has been critical to the effort to remove blight and physically transform neighborhoods. The EZ’s work has also led the city to reform its relocation policies. The city has even begun to consider the EZ’s work on the American Street and the Girard Avenue corridors as a model for other neighborhood economic development efforts.

The EZ has also emphasized workforce development. For instance, during the past 4 years, the EZ has benefited from Philadelphia’s receipt of a Youth Opportunity Grant from the U.S. Department of Labor. This grant has supported a partnership of the city, the school district, the Workforce Investment Board, the Youth Council, and

nonprofit organizations that is developing a sustainable system to ensure that EZ youth have access to the education, training, and services needed to make the transition to adulthood. The partnership's multipurpose youth opportunity centers in each EZ neighborhood are friendly and comfortable places for both in-school and out-of-school youth.

Finally, the EZ has also encouraged sustainable community development by working to fill gaps in city housing programs. In each EZ neighborhood, the community trust boards have created housing loan pools to provide self-sustaining resources for housing development. Other programs support housing counseling and rehabilitation. In West Philadelphia, for instance, \$2 million in EZ funds is being matched with almost \$4 million in Community Development Block Grant funds for several housing rehabilitation and construction efforts.

In pursuing these ambitious and successful projects, one of the EZ's primary hurdles has been to manage the expectations of EZ stakeholders who want dramatic improvements in their communities. This has involved the EZ's leaders in educating stakeholders about the reality of incremental change and the necessity of careful financial checks and balances. "It has been important to create a long-term vision to sustain people's hopes through the EZ process of long-term change," explains Gladstein. The Philadelphia EZ's sustainable success testifies to the effectiveness of this approach.



**Robert A. Baines,
Mayor of Manchester**

For more information, contact Executive Director Eva Gladstein, Philadelphia Empowerment Zone, at **(215) 686-0457** or **www.empowermentzone.org**.

A Safe Haven for Economic Opportunity

**Robert A. Baines,
Mayor of Manchester**

**Manchester, New
Hampshire, EC**

"Without some sense of personal security, it appeared doubtful that we could alter the economic course of the community," said Bob MacKenzie, director of planning and community development for Manchester, New Hampshire, contemplating his city's successful 10-year run as an EC.

"Safety was paramount. It had to come first."

Manchester's strategic vision for change had as its foundation the stabilization of the community's urban fabric. "The vision was the result of a real grassroots campaign that involved the entire neighborhood," says MacKenzie. "At the time, Manchester was in tough shape and it was clear that concerns about security were scaring people away."

Using roughly a quarter of its \$3 million, the Manchester EC funded a community policing program. "People need to know the policemen in their neighborhood—to be able to put a face with a name," says Sergeant Kevin Kincaid of the Manchester Police Department. The community police substation, which until 2004 operated out of the Manchester Community Resource Center, used officers in cruisers and on foot,

bicycle, and horseback to patrol the neighborhoods. Since the program's inception in 1995, overall calls for service dropped 22 percent, while criminal activity declined 62 percent.

"A program like this can be only as successful as the citizens of the community want it to be," says Kincaid. "The people here moved this idea forward. They embraced us. There's a very strong commitment to making this neighborhood safe." Kincaid also credits the police department's commitment to community policing as well as the motivation and dedication of individual officers.

Some of the largest inroads have been made within immigrant populations, "groups that are traditionally afraid of the police," he says. "Those who have been here longest now introduce us to new community members. There's a high level of trust."

The unit currently has 14 officers, including a full-time senior services officer that works with the elderly. Despite moving the substation to a more strategic venue, officers continue to hold personal safety workshops at the community center. In 1998 and 1999 Manchester's Community Policing Program received HUD's John J. Gunther Best Practices Award in the area of Economic Opportunity in Community Policing.

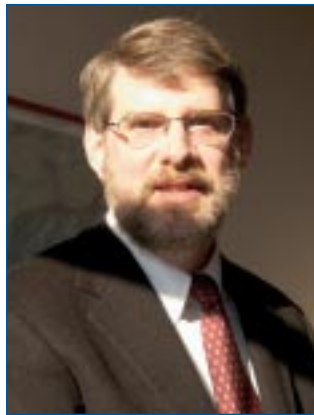
With security concerns being addressed, the EC turned its attention to economic opportunity. "The cornerstone of our program was the creation of a neighborhood resource center," says MacKenzie. "This was the single largest investment of EC funds," he says, "roughly half of our allocation."

Wanting the center "to be a true partnership, the city asked for collaborative proposals on how to build and manage this

facility," says MacKenzie. Southern New Hampshire Services, Catholic Charities of New Hampshire, and Southern New Hampshire University agreed to partner with the city to make the vision a reality. In October 1998 the Manchester Community Resource Center (MCRC) opened its doors with the mission of helping residents attain economic self-sufficiency and improve their overall standard of living by providing access to employment, education, information, and referral services in a multicultural environment. In August 2003 the collaborative—having created a fully operational, financially viable 501(c)(3) organization—turned over management of the MCRC to a volunteer board of directors.

"This is an exciting time for us," says Renie Denton, MCRC's executive director, "but we'll need to be vigilant if we are to achieve sustainability." In order to leverage limited funds and avoid duplication of services, MCRC forms partnerships with a variety of agencies and organizations. "We have to be creative because we work with the most difficult to employ. Many are immigrants but others have criminal or poor work histories," she says.

MCRC's offerings include classes in basic and conversational English; soft skills such as personal hygiene or how to get along with coworkers; industry-specific training, driver's education, and life skills. "Our industry-specific training has been effective in not only getting jobs for EC residents, but putting them on a career path," says Denton. "Graduates of our pharmacy tech program can get national certification and earn \$15 an hour within the first year." The pharmacy tech training was MCRC's first blended learning program. This family-friendly program combines a specific number of classes



R.S. MacKenzie,
Manchester EC Director

with online lessons, allowing students to do some work from home.

Job placement services and job fairs are among the MCRC offerings. In 2004 the center helped 294 people find employment and it sponsored 4 job fairs that were attended by 120 people. Some 149 EC residents in search of a high-school diploma attended GED classes and 213 individuals took part in English as a Second Language classes.

Chief among the MCRC's supportive services is the IRS Tax Return Preparation program. In 2004 some 300 returns were completed with an average tax refund of \$1,200. The center also coordinates community events such as the annual Celebration of Cultures.

While MCRC prepares residents for jobs, the Amoskeag Business Incubator (ABI) encourages job creation. Located in the city's Millyard District, ABI provides a supportive, entrepreneurial environment that stimulates the growth of resident businesses.

The Millyard District, which abuts the Merrimack River, was a dominant force in Manchester's economy. For more than 150 years, until the last yard of cotton was woven in March 1975, the Amoskeag Mills not only shaped the cityscape but the lives and fortunes of the city's residents. Roughly 4,900 people reside in the 0.8 square-mile EC, which encompasses the historic Millyard District.

Today, it is technology rather than textiles that is finding a home in the EC. "About 50 percent of our tenants over the last few years have been software developers," says Julie Gustafson, executive director of the Amoskeag Business Incubator. In addition to high-technology firms, the types of companies that have resided in the incubator include light manufacturing, service, and distribution. Incubator companies have cre-

ated more than 170 jobs in Manchester. In fact, one incubator graduate that now resides in more than 10,000 square feet in Manchester's Millyard has hired 55 employees and recently acquired a spinoff company.

With a \$175,000 grant from the EC, ABI has leveraged an additional \$266,000 in contributions to provide both affordable office space and technical assistance to start up companies. "We work closely with several partners to offer workshops of interest to our businesses," Gustafson says. Topics have ranged from creating newsletters to alternative financing and health insurance. "We also have professors from Southern New Hampshire State University come in and critique product demonstrations," she says.

As companies graduate into the greater community—16 have done so since ABI became operational in 1997—the incubator adds new tenants. ABI historically has been either at, or close to, 100-percent occupancy. The maximum number of companies to reside in the incubator was 23.

Several larger projects are underway in the Manchester EC and while no EC funds have been expended on these projects, improvements in the social and business climate have contributed to their viability. A 10,000-seat civic center opened its doors in November 2001. This \$67 million facility has been a boon for residents and businesses in the EC. The SEE Science Center and the nonprofit group FIRST share space in the same building and offer unique educational experiences for children and young adults. FIRST's mission is to enhance knowledge of technology and electronics through local, regional, and national competitions that feature school-age children and young adults paired with engineers from private businesses.

"If we've done nothing else, we've changed the perception of the city," says MacKenzie.

“Ten years ago Manchester was a dying, old mill town. We’ve turned it around. And, while our center city neighborhoods are not perfect, people are choosing to go into them. Manchester is viewed as a fairly progressive city—one people want to move to,” he says. MacKenzie admits that although the EC designation and all that it entails will be missed, “Manchester has in place the partnerships and viable community organizations to keep us moving in the right direction.”

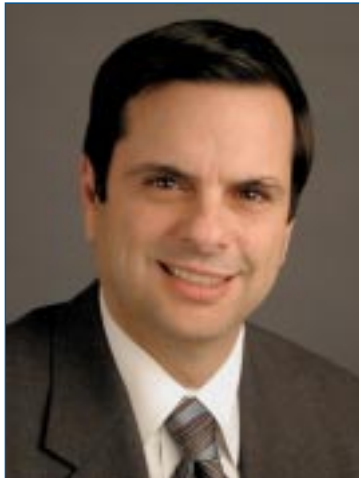
For more information about the Manchester Enterprise Community, contact Louise Donington at **(603) 624-6450**.

Innovation Key To Opening Economic Doors

Phoenix, Arizona, EC

“The enterprise community may be expiring, but I’m proud to say that the majority of the programs it put in place will carry on,” says Jennifer Harper, project director for the Phoenix EC. “Through the EC program, we’ve been able to give community leaders the training and information necessary to attract grant monies and sustain their programs.” EC projects have leveraged roughly \$21 million in private funds and \$64 million in public monies for business assistance, job training and linkage, housing, and neighborhood revitalization programs for its residents, according to Harper.

Innovation is at the heart of the Phoenix EC’s strategic vision for change. Using portions of its \$3 million allocation as seed money to test ideas, the EC has encouraged businesses, neighborhoods, and nonprofits to explore new ways of tackling old problems.



Phil Gordon, Mayor of Phoenix

One novel approach to workforce development is the EC’s Community Telecom System (CTS). Using telemarketing and voice messaging technology, the CTS contacts up to 5,000 residents each month, providing timely information on employment opportunities and job training. It serves as a vital link between employers, nonprofits, and residents. “Our residents’ phones start ringing whenever we have something of interest to impart to them,” Harper says.

Response to the CTS has been positive. “People routinely call back wanting more information—checking to see if they got the right address or if the employer is recruiting for a certain type of skill set,” she says. The telecom system recently disseminated news about a job fair that attracted more than 800 attendees, many of whom learned about it through the CTS.

CTS is not a subscription service. “We were able to tie this system in to all residents within the EC that have telephones,” says Harper. Customer satisfaction is evidenced by the fact that since the program started in 2003 “not a single EC resident has said, ‘Take me off,’” she notes.

Located in central Phoenix, the EC is a 20-square-mile area that is home to more than 89,000 people. When the city applied for the EC designation in 1994, the population was just more than 70,000. Although community-based partnerships and sustainable community development have played a major role in the EC’s development, it is economic opportunity that has received the most attention. As the EC’s 1999 annual report notes, “Only with a job, an income, and the opportunity to accumulate

assets can residents hope to break out of the cycle of poverty.”

The Phoenix EC has expended more than \$1 million on a variety of job-training and placement programs to help increase the employability of residents. An example is Project STRIDE (Successful Training Resources for Individual Development), one of the first to receive EC funding. The program offered life- and soft-skills training, with job placement as the ultimate goal. Project participants ranged from former gang members to newly arrived immigrants to the United States whose lack of English skills and American job skills caused significant barriers to employment. Corporate participants in Project STRIDE—such as Bank of America, B.F. Goodrich, Hadco Phoenix, and Marriott Hotels—provided training and, often, jobs to residents completing the program.



Jennifer Harper, Phoenix EC

It also has worked to ensure that residents with jobs have the opportunity to advance. The Incumbent Worker Training Link program, supported with CDBG funds, seeks to upgrade workers' skill levels at businesses with 300 or fewer employees. There have been classes in computer technology, safety, customer service, sales, and Spanish.

One of the eight companies requesting assistance through the program was Auction Systems Auctioneers & Appraisers of Phoenix, which sought Spanish language training for its employees. The Greater Phoenix Chamber of Commerce recognized the owner of this company as Small Business Person of the Year.

Job retention and creation has been a long-standing priority within the EC. As a result, a

collateral assistance loan program received the single largest allotment of EC funds—\$416,000. That money, along with \$700,000 in CDBG funds, leveraged an additional \$3.6 million to help secure loans for existing businesses from financial institutions. The EXPAND (expansion assistance and development) program partners with lenders to make credit available to growing businesses by providing additional collateral security for 4 years for requested loans. EXPAND will provide as much as 50 percent of the loan, up to \$100,000, to the lender as collateral. In 2004 EXPAND helped create or retain some 500 jobs, according to Harper, “with the potential for 1,000 additional jobs.”

One of the ways businesses find out about EXPAND and other resources is through the business retention and expansion program. Personal visits to businesses throughout the EC are key to the program's success. Through the visits, EC staff

members determine needs and connect businesses with nonprofits or governmental entities that can offer guidance or provide resources. The program, which began in 2001, includes about 300 site visits each year. “What is especially nice about this program is the way in which we've been able to tailor services to the individual businesses,” says Harper.

Tailoring programs to address the challenges faced by residents in neighborhoods undergoing revitalization has been an EC focus. “Even though we're at the end of the era for our enterprise community, we are fortunate in that we've been able to leverage \$10 million in CDBG, HOME, State, and city funds to make infrastructure improvements, rehab

homes, acquire land, and proceed with blight abatement,” says Harper.

The Capital Mall Association (CMA), a non-profit EC organization, has used EC funds to acquire lots on which it currently is constructing nine infill homes. This EC-funded project received additional support through mortgage assistance of up to \$10,000 in downpayment costs for certain low- and moderate-income homebuyers.

EC funds of \$90,000 were able to leverage some \$240,000 in CDBG and HOME funds and \$700,000 from private lenders to build 30 infill homes in the South Phoenix Village neighborhood. Ninety additional units are planned.

“The EC designation has really been a plus for us in terms of leveraging funds,” says Harper. “With our partners we have made key improvements—sustainable improvements—that will continue long after the EC has gone away,” she says. “Our community leaders are more technically astute and the capacity exists for them to oversee the program long after the EC has gone.”

For more on the Phoenix EC, contact Project Director Jennifer Harper at **(602) 262-4730**.

Sustainability Through Partnerships

Virginia DuPuy,
Mayor of Waco

Waco, Texas, EC

“The community partnerships that have been developed over the last 10 years will have long-lasting effects on the economy and quality of life here,” said

Larry Groth, city manager in Waco, Texas, reflecting on the accomplishments of the local enterprise community development commission (ECDC). “The community has always been willing to come together, but our EC designation helped us build some strategic relationships both within and outside of the city’s boundaries that will continue to pay dividends.”

Although increasing economic opportunity has been the cornerstone of the Waco effort, the ECDC has influenced physical and social development within its borders. “Job creation was by far the biggest need,” says Assistant City Manager George Johnson, Jr., “and we knew that, to achieve it, we would have to maximize our resources and encourage innovation.”

At its inception in 1995, the ECDC adopted a strategic vision that was holistic in its approach but that emphasized an improved standard of living within the EC through enhanced employment options. By drawing upon the experiences and expertise of EC residents, businesses, nonprofit groups, and educational institutions, the resultant vision foresaw a community empowered to bring about change.

The Waco EC covers roughly 20 square miles and encompasses not only the city’s downtown but parts of two other municipalities: Lacy Lakeview and Bellmead. The district is home to more than 37,000 people. Many communities within the EC once housed thriving business districts and vibrant neighborhoods.

To stimulate economic development, the ECDC used more than a third of its funds to beef up the services offered by the business resource center and to establish a revolving loan fund.



Virginia DuPuy, Mayor of Waco

“The intent was to give startup businesses and entrepreneurs—many of whom had good ideas but were not creditworthy—the opportunity to blossom and grow, thereby creating new jobs,” says Johnson. Using approximately \$785,000 in EC funds and \$262,000 in program income, the center has made 31 loans, with the average loan totaling a little more than \$36,000. An additional \$748,000 in funds from the community has yet to be loaned. The revolving loan fund has created or retained 153 jobs.



George Johnson, Jr.
Assistant City Manager, Waco

The business resource center provides access to the information and training small businesses need to succeed. It also assists businesses in securing credit or additional capital. As a result, the EC has kept or gained 134 jobs.

To prepare EC residents for new or better jobs, several educational institutions and nonprofits have provided computer training, job-readiness clinics, and industry-specific skills training in areas such as carpentry and small engine repair. More than 2,700 EC residents have benefited from these offerings.

Next door to the business resource center sits the Brazos River Plaza, which provides below-market-rate office space to businesses. This 13,000-square-foot building, once a supermarket, was donated to the Eastern Waco Development Corporation (EWDC), which then gutted the structure. With just a third of the floor space yet to be renovated, the facility features upgraded utilities, new landscaping, and ample parking.

Using \$145,000 in EC funds, the EWDC was able to leverage nearly \$300,000 in cash and in-kind contributions to create the post-

incubator space. Although the bulk of the contributions have gone into refurbishing the building, some funds are subsidizing occupancy and utility expenses. Brazos River Plaza currently is home to the office of a Texas State Representative and a home healthcare company. The political office has 1 intern and 3 permanent employees, while the healthcare office has 2 onsite workers and between 9 and 15 employees working in private homes, according to James E. Rice, Jr., secretary-administrator of the EWDC board. Rice is looking forward to a new tenant, a branch office of a Dallas-based tax preparation firm.

“Our mission is to furnish affordable retail and office space,” says Rice, “but, more than that, our job is to help revitalize this corner of Waco.” To do so, Rice says his organization has had to become the community’s conscience. “We encourage by example.” A case in point, he says, was the proposed sale of a building across the street from Brazos River Plaza for use as a tavern. “We convinced a local church to purchase it and turn it into a center for computer literacy. We’re working with them now to get grants to renovate the building.”

A major blow to this community came in 1990 when Paul Quinn College, a Historically Black College, relocated to Dallas, thus vacating its East Waco campus. “Before we got involved, the grass was 10 or 12 feet high and people were living in the abandoned buildings doing all sorts of things,” says Rodney Clark, executive director of Quinn Campus, Inc. “Now we’re looking at transforming the site, turning it into a multi-faceted complex with facilities for educa-

tion, technology, economic development, culture, and recreation,” he says.

An \$83,000 investment of EC funds was used to leverage \$1.2 million from the city of Waco to renovate a building for use as a civic center. The design of this multipurpose facility, which opened in fall 2004, provides for community use and allows for overflow business from the convention center. The EC investment has sparked interest in the site from other non-profit groups including the YMCA, which is constructing a 32,000-square-foot facility that will offer state-of-the-art amenities such as a swimming pool; aerobics, youth, teen, and computer centers; classrooms; locker rooms; and fields for football and baseball. As the city’s EC designation was set to expire at the end of 2004, five buildings were under renovation and more than \$7 million had been committed to renewing the Quinn campus.

Not only does the Quinn Campus exemplify sustainable community development, it also highlights the importance of partnerships. Habitat for Humanity, Faith Covenant Services, Rapoport Academy, and the Baylor University internship program are all working on the Quinn Campus offering services to EC residents and other community members.

Partnerships also are key to the success of Bellmead-Lacy Lakeview Community Haven, which administers home construction, healthcare, and youth programs. Since its inception in 1995, Community Haven has served close to 5,000 EC residents. The EC provided \$180,000 in funds to get the program off the ground. Additional public and private funds of \$126,000 and in-kind contributions of \$40,000 have allowed Community Haven to move forward.

“It takes a whole year for us to construct a house, but it’s worth it,” says Alvin Patterson, project coordinator for Community Haven.

Patterson uses students in the Junior ROTC programs in the La Vega and Connally Independent School Districts to construct the homes. “They do anything we let them, from clearing the lot to squaring the slab, framing the doors and windows, and helping with the sheet rock and landscaping,” he said. The homes are then sold to first-time buyers. “So far, we’ve built four in Bellmead and four in Lacy Lakeview.”

Community Haven partners with Neighborhood Housing Services to construct the homes. It works with local school districts to find surplus land and the city of Lacy Lakeview waives fees and helps haul off debris. “It’s a wonderful, collaborative effort,” says Patterson.

The creation of two healthcare clinics has allowed Community Haven to keep residents in school and on the job. Initially based in local schools, the clinics have since relocated to other buildings within the communities. The healthcare component is another collaborative effort, says Patterson, in that Community Haven has partnered with the Family Practice Center to obtain a foundation grant to allow the clinics to operate.

Community Haven also provides afterschool recreational, tutoring, and character-education programs using students from Baylor University.

“Our group is focused on a 60-square-block area in the EC,” said Mike Stone, executive director of Waco Community Development Corporation (WCDC), “and our focus is easy to remember—HOME.”

The “H” is for housing. “We provide counseling and construction,” said Stone, “to get people into homes.” WCDC has helped 11

families find homes, built 5 houses, and renovated 2 others.

Under “O” comes opportunities. Some 600 potential homebuyers have contacted WCDC. “About 140 were serious and filled out an intake form,” he says, “and 75 are now in active credit counseling.”

“M” stands for maintenance. With many homes approaching the 100-year mark, WCDC recruits groups to service homes in the neighborhood.

Economic development is what the “E” represents. “We’re constantly talking to small business groups, telling them about the opportunities here,” he says.

Having received \$38,000 from the EC in 2001 to cover startup costs, WCDC has attracted more than \$200,000 in outside funding. “The EC grant allowed us to pull together demographic and housing info and create a master plan,” says Stone. “That document has made a world of difference and

allowed us to make real inroads in the banking community.”

A different type of housing—transitional—is the focus of Compassion Ministries, the recipient of a \$50,000 EC grant. The funds allowed Compassion Ministries to build a duplex behind its new 10-unit shelter and to renovate space for offices, community use, and a clothes closet. “We now have a capacity of 60 beds—12 families and 8 singles,” says the group’s executive director, Jill McCall. “This was truly a community effort. Individuals, private foundations, and government entities all worked in an aggressive manner to ensure that homeless families with children were not without some place to go,” she says.

As Waco’s Enterprise Community Development Commission prepares to disband, its focus is on ensuring the sustainability of the organizations, structures, and partnerships that have been created during its decade-long existence. “We’ve worked to keep the entire community plugged in and participating,” says Johnson. “That created buy-in, which was particularly important as EC funds became less available. Our expectations for continued success here in Waco are high.”

For more information about Waco’s Enterprise Community Development Commission, contact Economic Development Liaison April Hull at **(254) 750-5640** or **aprilh@ci.waco.tx.us**.

10 Years After Designation ★★★

Baltimore Empowerment Zone ★★★

The Baltimore EZ reports a 6 percent increase in homeownership, a 60 percent reduction in crime, 5,700 new jobs, more than \$1.2 billion in public and private investments, \$1 billion in physical development, and engaged partnerships with John Hopkins University and the University of Maryland.



Camden Crossing is a new market-rate housing community in Washington Village-Pigtown. The Baltimore EZ helped the developer overcome project challenges.



Baltimore's largest hotel, the 741-room Marriott in the EZ, has hired many local residents as a result of partnership assistance from Baltimore EZ leadership.



The Baltimore EZ invested \$1 million in a parking garage for a \$300 million University of Maryland biotech park in the Poppelton community.



Albemarle Square has 340 units for rental and ownership. The Baltimore EZ helped to facilitate the resident engagement effort and land use plans.

Baltimore Empowerment Zone ★★★



Groundbreaking at the University of Maryland, Baltimore Biotech Park. Mayor Martin O'Malley, Congressman Elijah Cummings, and UMB President Dr. David Ramsey are among those pictured.



A community cleanup in Self Motivated Community People's Village Center.



Mayor Martin O'Malley addresses the Baltimore business community at the groundbreaking for the University of Maryland, Baltimore Biotech Park while Congressman Elijah Cummings and Dr. David Ramsey, President of UMB look on.



New housing being constructed in the Empowerment Zone.

Chicago Empowerment Zone ★★★

The Chicago EZ has provided services to 76,000 residents through childcare centers, healthcare facilities, and education, and job-training programs. The EZ's housing projects have directly benefited an estimated 1,000 residents by combining \$68 million in leveraged funds with \$19 million in Social Services Block Grant funds.



The Hearts United Housing EZ Social Services Block Grant funds are used to leverage additional funds and construct new housing units.



The Afrocentric Bookstore, Inc., received the zone's direct grant initiative funds to create an anchor for area youth by adding a children's reading room on the second level of its new location.



Prairie Park housing units is another example of leveraging EZ Social Services Block Grant funds.



The Harold Washington Cultural Center in the Bronzeville area of Chicago received a Social Services Block Grant to fund its construction.

Chicago Empowerment Zone ★★★



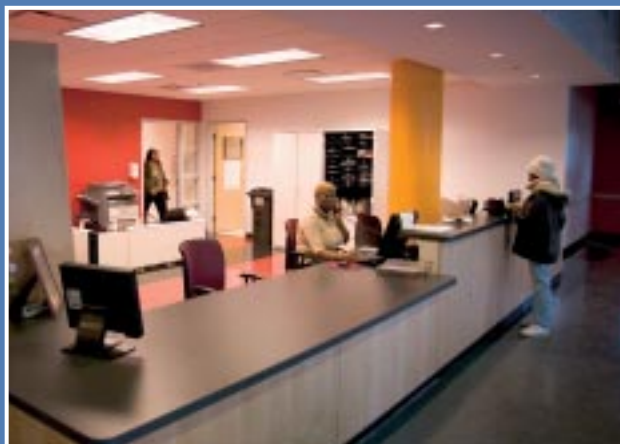
The Renaissance Center, which provides 100 assisted-living units for senior residents, used a Social Services Block Grant of \$1.3 million to leverage funds for the construction of the \$10 million facility.



The Chicago Better Housing Association used Social Services Block Grant funds to leverage additional funds for the construction of new units.



Barbara Wright, president of Wright Fit Uniforms, Inc., used the direct grant initiative to expand her business and create jobs for zone residents.



The Austin Wellness Center is an example of Chicago's commitment to build and expand medical centers that include service delivery networks, child and family service centers, and primary healthcare facilities.

Detroit Empowerment Zone ★★★

Detroit's EZ is home to an estimated 85,000 residents and 3,000 businesses. In the Zone, Bridgewater Interiors alone receives wage credits for more than 300 employees. Detroit extended its designation through 2009 to continue to take advantage of the \$5 billion tax incentive package available to businesses located in EZs. The extension allows the Detroit Zone to continue its marketing of tax incentives to zone businesses.



Clark Park Coalition transformed a neglected park into an oasis for intergenerational sports and an array of recreational programs with an initial EZ investment of \$150,000 to secure an estimated \$1 million in private contributions.



Bridgewater Interiors uses wage tax credits to employ 300 workers in the manufacturing of automobile seats. Bridgewater estimates that it has saved close to \$1 million since joining the program.



Clark Park's Early Childhood Playground provides new recreational opportunities for area residents.

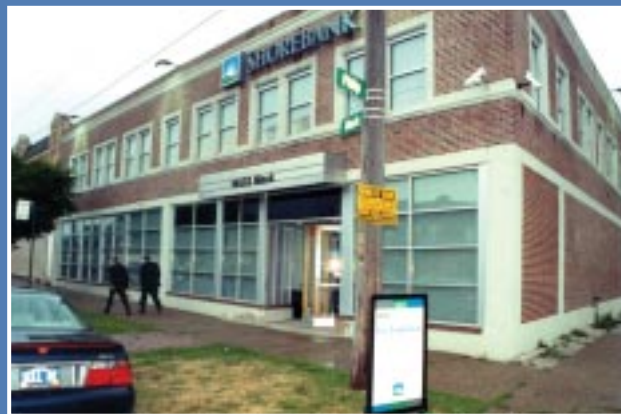


Clark Park has the last surviving ice rink in the department of recreation. The restored rink serves families and attracts hockey players that are mentors to young enthusiasts.

Detroit Empowerment Zone ★★★



Toyia Watts, president of Communities United Together, talks with residents about neighborhood empowerment and community policing.



Shorebank Development Corporation brought new vitality to the zone. Since 1997 it has spent \$1 million to purchase residential properties and grant commercial loans.



Bridgewater Interiors, a minority-owned company, is a major supplier to General Motors.



The Detroit Empowerment Zone allocated \$13 million for affordable housing through Housing and Community Partners.

New York City Empowerment Zone ★★★

In its report on effective international community projects, the British International Web site recognized New York's EZ for its accomplishments in creating business growth and jobs in Harlem and the Bronx. Smithsonian Magazine said it best when it wrote, "Few are aware of the dramatic turnaround. Welcome to the Good News Bronx" where Zone businesses continue to take full advantage of tax benefits and low-interest business loans.



The upper Manhattan EZ provided \$3.1 million in construction financing for the Gateway Building at 125th Street and Lexington Avenue, leveraging \$6 million in private equity for this retail and office building completed in 2001.



The East Harlem Auto Mall was financed with tax-exempt New York EZ facility bonds.



The Harlem Center, an \$85 million, 300,000-square-foot building with office and retail space at 125th Street and Lexington Avenue, was completed in November 2002 after New York EZ investments in commercial real estate nearby proved financially successful.



The Harlem Children's Zone, a \$44 million headquarters for a nonprofit educational organization, home to a K-5 charter school and medical and dental clinics at 125th Street and Madison Avenue. The building was dedicated in January 2005 with Congressman Charles B. Rangel as speaker.

New York City Empowerment Zone ★★★



The New Leaf Café in Ft. Tryon Park received funding through a New York EZ grant.



La Marqueta, the former Moore Street Market, is now home to 14 independent vendors serving the Latin American community in Brooklyn.



A New York EZ loan helped to finance the new Gotham Plaza in Upper Manhattan.



The National Track and Field Hall of Fame is a place where technology brings track and field to life, capturing the achievements of such greats as Jesse Owens, Jim Ryun, and Jackie Joyner Kersee.

Philadelphia–Camden Empowerment Zone ★★★

The Zone’s accomplishments point to a well-traveled path marked by a common vision shared by residents, local planning boards, community-based organizations, and city agencies across this two-state Zone. In keeping with the adage that a picture is worth a thousand words, these photos provide a glance of just a few of the EZ’s accomplishments over the past 10 years.

Philadelphia EZ



Tastykake uses wage credits for 43 of its employees.



Calcutta House at 1601–03 West Girard Avenue provides supportive housing and care to adult men and women with AIDS in Philadelphia.



7 Ben Franklin Parkway, the United Way of Southeastern Pennsylvania Building. The United Way manages the Neighborhood Funding Stream, a legacy fund using allocations from the American Street and North Central Empowerment Zones.



More than 19 acres of vacant land have been cleaned and greened in the past 3 years in Philadelphia, funded by the EZ with murals created by the Mural Arts Program.

Philadelphia–Camden Empowerment Zone ★★★

Camden EZ



The Camden EZ provides up to \$2,500 in awards to local residents to help cover closing costs when purchasing a Royal Court Townhome. Applicants must reside in the EZ and secure a mortgage for the townhome.



The Camden EZ used \$7 million in facility bonds to help build a minor league baseball stadium, Campbell's Field, recognized in 2003 and 2004 as the Independent Baseball "Park of the Year". This 6,450-seat venue at the base of the Ben Franklin Bridge in the EZ gives fans a great view of the Philadelphia skyline.



I Saw a City Invincible, the new mural on the South Jersey Legal Services building in the Camden EZ illustrates justice through the actions of past and present Camden residents. The mural was planned in community meetings and painted by Cesar Viveros, an EZ resident.



The USS New Jersey, built in the Camden-Philadelphia port from 1940–42, is anchored near Lanning Square. The EZ provided a \$1 million grant to construct a museum and visitors' center on the ship. The EZ provides technical assistance to help use this museum as a source for employment and training opportunities for EZ residents.

Waco, Texas; Phoenix, Arizona; and Manchester, New Hampshire Enterprise Communities ★★★

Designations for Enterprise Communities ended in 2004. However, these three Enterprise Communities are selected as showcase communities because of their successes in carrying out their strategic plans and in making a positive difference in the lives of their residents.

Waco Enterprise Community



The Waco EC helped to finance startup costs of the Waco Community Development Corporation, which constructs new homes and focuses on related economic development issues to revitalize a formerly neglected area of north Waco.



The Business Resource Center, located next to the Brazos River Plaza, used Waco EC funds to create a revolving loan fund that has made more than 30 loans to businesses to stimulate economic development within the EC.



The Connally Community Clinic is one of two community clinics established in an underserved area of Lacy Lakeview with financial assistance from the Waco EC.



Compassion Ministries' newly renovated headquarters and community center, funded in part by the Waco EC, provides office space, a clothing closet, program meeting space, and an area for residents to receive visitors.

Phoenix Enterprise Community ★★★



The Arizona OIC facility provides job-skill training classes for EC residents.



Dental clinic located in the I.G. Homes Boys and Girls Club was among the first EC funded project.



EC funds were used to leverage private dollars to complete this style of single family home in the Capital Mall EC neighborhood.



Gene Blue and the Phoenix Opportunities Industrial Center (OIC) work with the EC to increase the education and economic opportunities of low-income Phoenix area residents by providing various skills training and education programs.

Manchester Enterprise Community ★★★



Patrolling on bicycle or horseback, Manchester's Community Policing Unit, financed partly by the Manchester EC, has had the dramatic impact of reducing neighborhood crime and enhancing the city's overall sense of safety.



In partnership with The Caregivers and the Manchester EC, a member of the Community Policing Unit helps to deliver Valentine treats to elderly shut-ins in the EC neighborhood.



Teens settle in to take the GED exam at the Manchester Resource Center, which was financed partly through a Manchester EC grant.



The Amoskeag Small Business Incubator in the city's historic mill yard, funded partly by the Manchester EC, provides office space and support services to fledgling businesses, including software, Internet design, and information systems companies. One beneficiary is James Andrus (above), president of Netro City, whose business intelligence software company now employs about 10 people.



Spotlight on Results

APPENDIX:

**Current Renewal Communities
and Empowerment Zones
as Designated by HUD**

HUD DESIGNEES

Renewal Communities (RCs)—40

Urban (U)—28 Rural (R)—12

Alabama

Greene-Sumter (R)
Mobile County (U)
Southern Alabama (R)

California

Los Angeles (U)
Orange Cove (R)
Parlier (R)
San Diego (U)
San Francisco (U)

Georgia

Atlanta (U)

Illinois

Chicago (U)

Kentucky

Eastern Kentucky (R)

Louisiana

Central Louisiana (R)
New Orleans (U)
Northern Louisiana (R)
Ouachita Parish (U)

Massachusetts

Lawrence (U)
Lowell (U)

Michigan

Detroit (U)
Flint (U)

Mississippi

West Central
Mississippi (U)

New Jersey

Camden (U)
Newark (U)

New York

Buffalo-Lackawanna (U)
Jamestown (R)
Niagara Falls (U)
Rochester (U)
Schenectady (U)

North Dakota

Turtle Mountain Band
of Chippewa (R)

Ohio

Hamilton (U)
Youngstown (U)

Pennsylvania

Philadelphia (U)

South Carolina

Charleston (U)

Tennessee

Chattanooga (U)
Memphis (U)

Texas

Corpus Christi (U)
El Paso County (R)

Vermont

Burlington (R)

Washington

Tacoma (U)
Yakima (U)

Wisconsin

Milwaukee (U)

Urban Empowerment Zones (EZs)-30

Round I Urban EZs-5

Illinois

Chicago

Maryland

Baltimore

Michigan

Detroit

New York

New York

Pennsylvania/New Jersey

Philadelphia/Camden

Supplemental Round I EZs-2

California

Los Angeles

Ohio

Cleveland

Round II Urban EZs-15

California

Santa Ana

Connecticut

New Haven

Florida

Miami-Dade County

Indiana

Gary-Hammond-East
Chicago

Massachusetts

Boston

Minnesota

Minneapolis

Missouri/Illinois

St. Louis/East St. Louis

New Jersey

Cumberland County

Ohio

Cincinnati

Columbus

South Carolina

Columbia-Sumter

Tennessee

Knoxville

Texas

El Paso

Virginia

Norfolk-Portsmouth

West Virginia/Ohio

Huntington/

Ironton

Round III Urban EZs-8

Arizona

Tucson

Arkansas

Pulaski County

California

Fresno

Florida

Jacksonville

New York

Syracuse

Yonkers

Oklahoma

Oklahoma City

Texas

San Antonio



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