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**U.S. Department of Housing and Urban Development**

Office of Community Planning and Development

Andrew Cuomo, Secretary

Cardell Cooper, Assistant Secretary

# EZ/EC News Flash

**Flash #22**

**March 14, 2000**

**From:** Dennis Kane, EZ/EC Initiative Coordinator

**To:** Round II EZ Main Contacts

**Re:** Advisory to EZ Main Contacts

## **Compliance with Laws, Regulations and Policies**

A number of the Round II EZs are starting to draw down HUD EZ funds and they are raising questions about the eligible uses of those funds. This is a reminder that by **law** the use of HUD EZ grant funds from HUD's 1999 and 2000 Appropriations Acts, (P. L. 105-277 (1999) and 106-74(2000)) must be used "**in conjunction with economic development activities consistent with the strategic plan of each Empowerment Zone.**" Each proposed implementation plan and any expenditure of Round II HUD EZ funds must meet this standard.

Acceptable economic development activities described in 24 CFR Part 598 include job creation within the community and throughout the region, entrepreneurial initiatives, small business expansion, job training, and job support services, such as affordable child care and transportation services that may enable residents to be employed in jobs that offer upward mobility. Paying for administrative functions, such as establishing your non-profit, paying for staff, etc., which enable you to engage in economic development activities, are also eligible. If the proposed activity does not satisfy the above test from the Appropriations Acts and 24 CFR Part 598, 598.215, then HUD would have to deny the use of the HUD EZ grant funds for that project or program. As we obtain further clarification on the parameters of eligible activities, we will provide that information to you.

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**Empowerment Zones & Enterprise Communities**

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**<http://www.hud.gov/cpd/ezec/ezeclist.html>**

**IMPORTANT NOTE:**

**It is your responsibility to comply with all laws, regulations and policies. The nominating entities (City, State, County) for each EZ have signed the Memorandum of Agreement (MOA) and the lead entity has signed the HUD Grant Agreement. Each of these legal documents require the EZ to comply with all applicable laws, regulations and policies. You should have a complete compliance mechanism in place to ensure that your EZ is spending your EZ funds and operating in accordance with all applicable laws, regulations and policies. That is not HUD's responsibility. We are working on a comprehensive policies manual that will be distributed by June. To ensure you have a adequate compliance mechanism in place, we will be requesting your compliance manuals and procedures in the coming months.**

**Know Your Strategic Plan**

Questions have also been raised about which projects and programs may be funded using the HUD EZ funds. Make sure that the projects and programs you are funding with HUD EZ funds are consistent with the economic development projects and programs outlined in your original Strategic Plan. We can offer some flexibility because full EZ grant funding has not materialized. If you want to fund a project or program that was not in your original application, please discuss the activity in question with your assigned EZ/EC Initiative Office contact. **(NOTE: Make sure you are familiar with your strategic plan. It is apparent that a number of EZ main contacts are not fully versed on the content of their EZ Strategic Plan.)**

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