

**Official HUD Response to Public Comments Received on Federal Register Document  
#2014-08772 “Promise Zones Initiative: Proposed Second Round Selection Process  
Solicitation of Comment”**

## **I. Purpose**

This document responds to the concerns and questions raised by commenters on Federal Register Document #2014-08772.

## **II. Background**

On April 17, 2014, HUD published a notice in the Federal Register to take advantage of experience with the first round applicants to develop aspects of the Promise Zones initiative, so that the initiative can support other communities more effectively in future years. In this regard, HUD solicited feedback from first round applicants, and comment from other interested parties and the public generally, on the first round of the Promise Zones initiative, and on the proposed selection process for the second round of the Promise Zone initiative. HUD specifically sought comment on the draft *Second Round Application Guide*, which can be found at [www.hud.gov/promisezones](http://www.hud.gov/promisezones).

A second round of Promise Zone designations is now being planned to open for solicitation in fall 2014. A total of 20 Promise Zone designations will be made by the end of calendar year 2016. Three urban, one rural and one tribal community were designated in January of 2014. As a result of the second round competition, HUD intends to designate six urban communities and USDA intends to designate at least one rural and at least one tribal community. Competitions for the remaining round of designations will commence in calendar year 2015. To provide a positive user experience and accommodate an anticipated increase in submissions, applications will be submitted via [www.Max.gov](http://www.Max.gov)

Please see the following documents for details on the second round Promise Zone selection process:

- Federal register notice: <https://federalregister.gov/a/2014-08772>
- *Draft Second Round Urban Promise Zone Application Guide*:  
<https://www.onecpd.info/resources/documents/Promise-Zones-Round-2-Urban-Application-Guide-Draft.pdf>
- *Draft Second Round Rural/Tribal Promise Zone Application Guide*:  
<https://www.onecpd.info/resources/documents/Promise-Zones-Round-2-Rural-Tribal-Application-Guide-Draft.pdf>
- *Final Second Round Urban Promise Zone Application Guide*:  
[www.hud.gov/promisezones](http://www.hud.gov/promisezones).
- *Final Second Round Rural/Tribal Promise Zone Application Guide*:  
[www.hud.gov/promisezones](http://www.hud.gov/promisezones).

### III. Commenters

The public comment period closed on June 16, 2014. HUD received 95 public comments. Comments were submitted by members of Congress, mayors, city council members, local government officials, public housing agencies, think tanks, nonprofit organizations and the general public.

### IV. Response to Comments

HUD consulted with the interagency partners of the Promise Zone Initiative, including USDA, and will implement the following modifications to the *Second Round Promise Zones Application*.

#### A. Urban Application Comments

##### i. Addition of subcategory for communities in small cities

*HUD received a number of comments suggesting that communities in smaller metropolitan areas and suburbs of principal cities in larger metropolitan area (both suburban and outside larger Metropolitan Statistical Areas (MSAs)) often have a narrower base of resources (public and/or private) with which to work with than larger cities. These communities may therefore often be disadvantaged under Promise Zone selection criteria focusing on capacity and have lower levels of existing resources to focus on the challenges of concentrated poverty. High-poverty suburban communities may be small municipalities or unincorporated areas of counties outside the central city of a metropolitan area. Like communities in smaller MSAs, they have access to a narrower base of public resources on a consistent basis than large MSAs, although they may have more robust private sector activity.*

**HUD response:** The Promise Zone initiative seeks to accelerate community and economic development improvements made by strong multi-sector collaborations at the local level, and extract lessons about how the federal government can respond most effectively to concentrated poverty in a number of settings. The context in which concentrations of poverty occur, including the type, depth and accessibility of local assets in small city situations can be substantially different than larger metropolitan areas. An initiative focused on accelerating progress and learning from high quality practice in a representative pool of situations should include communities in small and medium size metropolitan areas. HUD declined to create a subcategory for suburban areas of large Metro CBSAs due to the broader base of private resources and economic activity underway in those regions. Therefore, the Promise Zone Initiative will include two subcategories within the urban designations: Large Metro CBSA and small/medium Metro CBSA. Urban application subcategories are defined as:

**Large Metro CBSA:** The proposed Promise Zone community is located in a Metropolitan Core Based Statistical Area (Metro CBSA) with a total population of 500,000 or more.

**Small/medium Metro CBSA:** The proposed Promise Zone community is located within the geographic boundaries of a Metro CBSA with a population of 499,999 or less.

Function of urban application subcategories:

An application must score a total of 75 points or more out of 100 points, to be considered for a designation (scoring 75 points or more means that applications fall within the “competitive range”). Once scored by the urban selection criteria, applications will be ranked competitively within each of the three Promise Zones categories and within the urban subcategories, as applicable.

HUD intends to make at least 1 designation in the small/medium Metro CBSA subcategory if demand is sufficient. If the number of eligible applications determined to belong to the small/medium Metro CBSA subcategory is fewer than the greater of 1) five total applications, or 2) ten percent of the total number of urban applications received, then the applications in the small/medium Metro CBSA/ subcategory will be included in the large Metro CBSA subcategory and ranked against those applications.

By eliminating subcategories if demand is not strong enough to produce a substantial competition, HUD will promote quality selections within the subcategories. This provision also recognizes the strong interest in the Promise Zone Initiative from communities in many types of urban contexts. It eliminates subcategories with relatively low levels of demand in order to make designations available in subcategories with higher demand.

## **ii. Applicant Eligibility**

*Numerous comments requested allowing UGLGs to submit more than one application per round. Other comments noted ambiguity regarding the eligibility of county governments to apply for Promise Zone designation.*

**HUD response:** In order to ensure that a UGLG can commit sufficient resources and sustain a level of effort over time to a designated community, only one application per UGLG will be allowed in the second round application cycle. In response to comments regarding county eligibility, HUD will make explicit that county governments are eligible to apply, with the support of a local municipality. A county government is considered a unit of general local government (UGLG) as defined in section 102(a)(1) of the Housing and Community Development Act of 1974; however, there should be demonstrated commitment from the local municipality/municipalities within the proposed boundary.

### iii. Qualifying Criteria

*Many comments requested the elimination of contiguous boundaries, modification of population caps, and changing the poverty rate.*

**HUD response:** The qualifying criteria are geared to focus attention and investment in a sufficiently thorough way that changes can be sustained over time. Contiguous boundaries will be required as they reinforce the intent of the Promise Zone initiative to catalyze change through intensive effort in community-level networks and markets. Contiguous boundaries are also consistent with other Neighborhood Revitalization Initiative (NRI) programs. The urban poverty rate for the second round will remain at 33%. This allows for a significant amount of eligible communities while still focusing on high-poverty communities. In addition, this reflects that fact that HUD received comments recommending both that the threshold poverty rate be raised, and that it be lowered. The population maximum of 200,000 was selected based on the experience of the Empowerment Zone program in capturing sufficient economic activity to create opportunities for workers and businesses, which supports two of the goals of the Promise Zone Initiative. Many neighborhood revitalization strategies start with a focus on geographic areas with smaller populations, and some expand their geographic focus over time. The proposed Promise Zone tax incentives anticipate that the population of each Promise Zone will not exceed 200,000. HUD has retained the minimum population requirement of 10,000 and the maximum population requirement of 200,000. Additionally, the population of the Promise Zone cannot exceed 200,000 residents to be eligible for the proposed tax credits.

*Comments were also received suggesting that having an NRI grant should be a qualifying criterion and/or that preference points should be awarded to communities that have received an NRI grant such as Promise Neighborhoods, Choice Neighborhoods and Byrne Criminal Justice Innovation.*

**HUD response:** The intention of the Promise Zone initiative has always been to open the competition to eligible communities that may not already have received federal grants starting with the second round. The Promise Zone criteria select for characteristics that the agencies participating in the Promise Zone initiative consider to be important for successful implementation of grants such as Choice Neighborhoods, Promise Neighborhoods and Byrne Criminal Justice Innovation grants. While communities with existing grants have received them in part based on demonstrating such characteristics, the grant programs are always oversubscribed, and there are qualified applicants who may have developed their capacities without funding from Choice, Promise or Byrne grants. In addition, while Choice, Promise and Byrne all have explicit neighborhood revitalization goals and focus, their funding is concentrated in a narrower range of activity than the Promise Zone Initiative. In particular, economic development goals and activities are included in Promise Zones. For these reasons HUD will not grant preference points to existing NRI grantees in the second round Promise Zone competition.

#### **iv. Strategy**

*Some comments suggested a greater emphasis on capacity building of residents and community organizations. Others suggested greater consideration of experience with data sharing and tracking. Commenters also requested clarification of the definition of “evidence” as it is a required component of the Strategy template, and clarification regarding the Promise Zone evaluation and types of metrics designees will be required to track.*

**HUD response:** Although the application requested information about resident engagement capacity, it is also important to recognize the role of residents in creating and implementing the Promise Zone strategy. Therefore, the revised application guide will request specific explanation of how the plan builds the capacity of residents and community organizations. Additionally, all Promise Zones will continuously track outcomes, and have committed to sharing data across their community partners (private-sector, nonprofits, federal, state, and local agencies, etc.) so that each partner can work towards improvement and accountability. Thus, the updated application guide requests information regarding any existing experience with data sharing agreements and/or experience using technology to track metrics and manage relationships across a broad number of stakeholders. Regarding the definition of evidence, the application guide includes an expanded version of the definition used by the Corporation for National and Community Service (CNCS) Social Innovation Fund. Working from the definition of evidence used by CNCS will help build even greater consistency across federal Departments and programs and help policy-makers and practitioners develop a more common language. Work continues on designing the Federal government’s evaluation of the Promise Zone Initiative. However, there is consensus that the evaluation approach should rely on existing administrative data – that is data that the government already collects through programs or surveys – wherever possible.

#### **B. Rural and Tribal Comments**

USDA will be the designating agency for the rural and tribal applicants. For the convenience of the interested public, USDA is providing responses to comments submitted via HUD’s notice.

##### **i. Definition of “Rural Communities”**

*Comments noted that the rural definition excludes at least 50% of rural residents by limiting eligibility to those who live in non-metro counties only. Commenters pointed out that metro does not equate to urban exclusively, nor does non-metro to rural. One commenter noted that twelve million “rural residents” live in MSAs, representing 1.7% of MSA population but 20% of nationwide rural population. Other comments requested the allowance of census tracts and counties to be considered as contiguous across state lines and water borders, such as the Mississippi River.*

**USDA response:** USDA will replace current Rural/ Tribal eligibility language with “Rural and Tribal Promise Zones must encompass one or more census tract(s) across a contiguous

geography. Rural applicants can define their boundaries by either census tracts or by county, where multiple counties are included.” USDA added to the current population criteria: “The population limit of 200,000 may not include any incorporated municipalities or unincorporated areas with individual populations greater than 50,000. Rural and tribal Promise Zones may fall in non-metro and metro counties.” Additionally, the eligibility requirements will clarify that census tracts and counties across state lines and across water borders may be considered contiguous.

## **ii. Mapping Tool**

*Some comments requested allowing the use of alternative mapping programs (e.g. ArcGIS or QGIS). Commenters expressed that the HUD mapping tool can be difficult to use for large regions such as those found in the Western portion of the United States. The size of census tracts in sparsely populated areas often exceed that of Eastern counties, making it difficult to view and examine the region as a whole. Comments requested that USDA allow applicants to submit qualitative discussion from local, state, or tribal data sources. In addition, they requested that rural applicants define their Promise Zone footprint by either census tracts or by county, where multiple counties are included. It was also suggested that USDA clarify “tribal areas” versus “tribally-owned areas” for the mapping tool.*

**USDA response:** The rural/tribal application will now allow for submission of complementary local, Tribal, or state sources of qualitative and/or quantitative data to more fully inform the representation of need in cases where applicants believe that the mapping tool does not accurately represent the jurisdiction. Additionally, the rural/tribal application will now read: “Rural Promise Zones may define their boundaries by either census tracts or by county, where multiple counties are included.” USDA will also update language from “tribally-owned areas” to “tribally-controlled areas; or reservations; or consortia of tribal and non-tribal jurisdictions.”

## **iii. Different considerations for smaller communities**

*Comments noted that they believe smaller areas are currently disadvantaged in the application process. They suggested the implementation of a pilot project or separate preference focusing on smaller, poorer towns currently underrepresented in the Promise Zone Initiative. They believe that doing so would assist these smaller areas to seek out and apply for grants, and the five additional AmeriCorps VISTA members would be an incredible manpower boost to small cities that have lost huge numbers of public staff. Commenters expressed that smaller communities may not have the same capacity for participating organizations, businesses and programs, and may not have comparable financing capacity in place. These comments emphasized that these differences in capacity should not be used against smaller communities in the scoring process.*

**USDA Response:** USDA will not alter the scoring categories. However, USDA will add language clarifying that the population limit of 200,000 is intended to encourage regional collaboration among multiple communities. The new rural eligibility criteria ensure, by

definition, that rural Promise Zone applications cannot include communities over 50,000. New language will address the value of regional plans that include multiple rural communities of varying sizes and capacities.

#### **iv. Eligibility Criteria**

*Comments requested that USDA lower the required poverty rate from 25% to 20% to encourage regional or coordinated applications from multiple jurisdictions. Commenters expressed that this higher overall poverty rate puts coordinated applications from regions or multiple jurisdictions at a disadvantage, as areas of high need can be skewed by isolated pockets of wealth. This may create bias towards applications from single jurisdictions only. Other comments requested that USDA revise Applicant eligibility to include tribal governments and that USDA insert a detailed description of “tribal” earlier than it currently exists for clarity on which organizations are eligible to be an applicant.*

**USDA Response:** USDA will change the eligibility requirement from a 25% to at or above 20% overall poverty rate within the Promise Zone and will add the language: “The Promise Zone must contain at least one census tract with a poverty rate above 30 percent.” Based on comments received, USDA will also clarify the definition of a “tribal Applicant” and will add language regarding eligibility for Lead Applicants in Tribal Promise Zones.

#### **v. Crime Data**

*Comments requested that USDA allow the use of alternative data, collected by state, county, tribe or municipality, to demonstrate occurrence of serious and violent crime in cases where UCRA data may not accurately or completely reflect crime levels in certain communities. They asked to not require tribal applicants to request permission to submit alternative data. Commenters believe that the requirement to submit UCR data may put Tribal applicants at a disadvantage. Comments suggested that USDA clarify a minimum or continuum of threshold of crime per person that will be considered significant by reviewers so that applicants can gauge where they stand on this criteria.*

**USDA Response:** USDA will add language clarifying that tribal applicants, due to differing systems of reporting tribal crime rates, may submit complementary data to include the most recently produced statistics on tribal crime rates. USDA will not clarify a minimum crime rate that will be considered significant.

#### **vi. Strategy Criteria**

*Comments requested that USDA explain or provide more information on what reviewers will look for in “Evidence supporting selection or use of proposed activities.”*

**USDA Response:** The final application will include a more thorough explanation of evidence base.