

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT  
DIVISION OF FINANCIAL ASSISTANCE****State Enterprise and Economic Development Section**

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**SEEDS****State Enterprise and Economic Development Section****MANAGEMENT MEMORANDUM****Memorandum 9-03**

**Date:** June 16, 2009

**TO:** All Enterprise Zones

**From:** Frank Luera, Chief

**SUBJECT:** Guidance on the Effective Dates of Targeted Employment Areas

This memorandum provides further clarification on the use of a Targeted Employment Area (TEA) during the conditional stage of a new enterprise zone. As such, it elaborates on the procedures established by the Department of Housing and Community Development (Department) in Management Memoranda 7-02, 7-04R, and 8-06. More importantly, this memorandum cites the effective dates for TEAs in use by enterprise zones awarded and designated since 2006. The following sections provide the details of these policies and practices.

**Conditional Zones May Use Former TEA**

Because of Assembly Bill 1550 from 2006, new enterprise zones that previously expired may issue vouchers during their conditional stage. Accordingly, the jurisdictions whose enterprise zones expired in 2006, 2007, or 2008 but which subsequently received new zones may offer businesses the opportunity to apply for vouchers even though they have not obtained their final designation. However, as noted in Memorandum 8-06, once approved, a new enterprise zone's TEA does not become effective until its designation date. As a result of this discrepancy, the businesses in these enterprise zones may be precluded from using TEA residency as an eligibility category during the conditional stage. To offset this seeming inconsistency, the Department in March 2007 issued Memorandum 7-02, which allowed jurisdictions to continue using the TEA from their former enterprise zone during the conditional stage of their new enterprise zone. As indicated in the memorandum, the TEA expires when the Department grants the new enterprise zone its final designation.

**Former and New TEAs Will Coincide**

When the Department approves a TEA, it sets the designation date as its effective date. Because A.B. 1550 established the expiration date for former enterprise zones as the designation date for their new zones, the Department will make the effective date for their TEAs also retroactive to their expiration date. This policy will result in the co-existence of two TEAs, the former and new TEAs, during the period in which the enterprise zone was conditionally designated. As a result, businesses can use either TEA if they hire individuals during this period and elect to use the category of TEA residency. The TEAs will co-exist until the Department grants final designation to the new enterprise

zone. At that time, the former TEA will expire and will no longer be available for individuals hired after this date. The date of the letter granting the designation represents the expiration date for the old TEA.

### **Department Will Post Effective Dates**

As stated above, the expiration date for the use of a former TEA during the conditional period of a new zone will be the date of its designation letter. To ensure that both the enterprise zones and the business community are aware of this date, the Department has provided the attached table. In the table, the last column indicates the expiration dates for the TEAs. Please note that cells in this column that have either an asterisk (“\*”) or a numbers symbol (“#”) represent expired enterprise zones whose TEAs are available for use in a new, subsequent enterprise zone. Any dates in these cells indicate the date of the letter granting the designation to the new zone, which in turn represents this TEA’s expiration date.

To keep the enterprise zones and businesses current on the TEA effective dates, the Department intends to post the table on its website and update it whenever the Department grants final designation to a conditional zone.

If you have any questions about TEAs, please call the Department’s State Enterprise and Economic Development Section at (916) 322-1112.