

M e m o r a n d u m

To: Enterprise Zones

Date: December 1, 2006

From: Frank A. Luera, Chief
STATE ENTERPRISE AND ECONOMIC DEVELOPMENT SECTION
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF FINANCIAL ASSISTANCE

Subject: Notice of New Enterprise Zone Regulations

The Office of Administrative Law approved the proposed regulations on the administration of the Enterprise Zone vouchering activities that the Department of Housing and Community (Department) submitted in October 2006. The Office of Administrative Law has filed them with the Secretary of State's Office and they should be in print in about two weeks. The regulations became effective on Monday, November 27, 2006.

The following sections provide an overview of the Department's proposed implementation of the new regulations.

Program Implementation

As noted above, the new regulations are now in effect. However, the Department intends to provide a "grace" period for their implementation. Specifically, the Department will require the enterprise zones to comply with the regulations as of January 1, 2007. That is, the Department will not enforce them until this date. Any Enterprise Zone audits by HCD of vouchers issued prior to January 1, 2007, will rely on the previous regulations to assess compliance.

Although the Department will not enforce compliance of the new regulations until January 1, 2007, individual enterprise zones may choose to implement them immediately or sooner.

Training and Guidance

Over the next few weeks, the Department will provide the enterprise zones with more guidance on the implementation of the new regulations. As part of this guidance, we will announce training workshops to be held early in 2007 on the new regulations. Once you receive further direction from the Department, our hope is that the enterprise zones will, in turn, offer their own seminars and workshops for the benefit of their business communities.

In the meantime, we recognize that many of you have questions about the new regulations. Unfortunately, because of our other commitments, especially with the newly designated enterprise zones, we may not be able to respond promptly to your individual inquiries. However, we can provide responses to you as a group on the more general questions that affect most, if not all, of you. To meet this commitment, I plan to compile the questions

received over several days and broadcast an e-mail response to all of you at the same time. In this way, we can ensure that all of you receive the same information as quickly as possible. To participate in this process, please forward your questions to me at fluera@hcd.ca.gov.

If you have questions about the timing of the forthcoming guidance and training on the new regulations, please contact Diana Prado at (916) 322-1112.