



THE CITY OF SAN DIEGO

## What is NOT a Renewal Community

There are a number of government programs and designations that seem similar to the Renewal Community (RC) in name or in the service provided, but are in fact separate. In the interest of minimizing confusion about these various programs and designations, the following descriptions are provided.

**Renewal Community:** For comparison purpose, keep in mind that the RC is a geographic area within which businesses may claim various tax credits or deductions on their FEDERAL income taxes if they make the investments and meet other qualifying criteria that make them eligible for those tax savings. The purpose of the RC program is to stimulate job creation and private investment in low-income areas, with tax incentives oriented primarily to small businesses. There are 40 RCs designated around the U.S., with three of those in California. While the federal government designates the RC, the City of San Diego is responsible for day-to-day administration of the program.

**Enterprise Zones:** Enterprise Zones (EZs) are similar to RCs in that they are geographic areas within which businesses may claim various tax savings if they create jobs or make other investments that entitle them to claim the savings. However, the state government designates EZs, and the tax savings can be claimed only on STATE income taxes. California has 39 designated EZs, two of which are in San Diego. To add to the confusion, one of San Diego's EZs, the Metropolitan Enterprise Zone, largely - but not completely - overlaps the RC. Businesses located in the area of overlap may claim BOTH federal RC and state EZ tax savings, subject to a few special rules. As with the RC, the City of San Diego is responsible for administering its EZs, and thus City staff can assist businesses in distinguishing between the specific requirements of the two programs.

**Local Agency Military Base Recovery Areas (LAMBRA):** A LAMBRA provides exactly the same state income tax savings as provided through state Enterprise Zones, except that the designation is limited to closed military bases. San Diego has a LAMBRA designation for the former Naval Training Center, now called Liberty Station.

**Empowerment Zones:** Empowerment Zones are also similar to RCs in that they are geographic areas within which businesses may claim federal income tax savings, although the tax incentives are geared toward large businesses. There are 40 Empowerment Zones designated around the U.S., three in California but none in San Diego.

**Enterprise Communities:** The federal government designated 135 Enterprise Communities around the U.S. to provide enhanced support for social service programs in specified geographic areas. The program also authorized tax-exempt private activity bonds for any type of business, with a maximum issuance amount of \$3 million. San Diego had an Enterprise Community designation in much of the area now designated as an RC, but if an Enterprise Community

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receives an RC designation, then the Enterprise community designation is terminated automatically.

**HUB Zone (Historically Underutilized Business Zone):** The HUB Zone Empowerment Contracting Program provides preferences on federal contracting to small businesses located in and employing staff who reside in designated census tracts. HUB Zones are designated and administered by the U.S. Department of Commerce's Small Business Administration. San Diego has several qualifying census tracts. For more information, see [www.sba.gov/hubzone/](http://www.sba.gov/hubzone/).

**Business Improvement Districts (BIDs):** California law authorizes local government to establish a BID in which the government collects an assessment on each business but must use the revenue solely to enhance the business conditions in that area. San Diego has 19 BIDs, and in most cases provides all BID revenues to nonprofit corporations that administer the improvement activities. California law also authorizes business improvement districts in which the assessment is levied on property owners. San Diego has one property-based BID. For more information, see [www.bidcouncil.org](http://www.bidcouncil.org).

**Central Business District (CBD):** This is simply a Census Bureau term that refers to the primary downtown area in a major metropolitan area. There are no programs associated with this terminology.

**Redevelopment Project Areas:** California law authorizes local government to establish a Redevelopment Agency that can, in turn, establish Project Areas based on very specific findings of physical and economic blight. A Project Area is a geographic area within which the property taxes are collected on any new development are dedicated to implementing projects that eliminate the area's blight. Redevelopment Project Areas are not specifically intended to benefit businesses, but if a blight-eliminating business project is approved by the Redevelopment Agency, then that business may benefit through such assistance as site acquisition and related public infrastructure improvements. There are 15 Redevelopment Project Areas in San Diego, and seven of them overlap the RC. For more information, see [www.sandiego.gov/redevelopment-agency/](http://www.sandiego.gov/redevelopment-agency/).

For assistance or more information, contact:

Ples W. Felix

Renewal Community/Metropolitan Enterprise Zone Manager

Tel: (619) 533-5442

E-mail: [PFelix@sandiego.gov](mailto:PFelix@sandiego.gov)

The City of San Diego Community and Economic Development Department

600 B Street, MS-904, San Diego, CA 92101-4506

Tel: (619) 533-4233 Fax: (619) 533-5250 Web site: [www.sandiego.gov](http://www.sandiego.gov)

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