

area is from the 1990 Decennial Census, and from information published by the Bureau of the Census and the Bureau of Labor Statistics. Specific information on appropriate data to be submitted will be provided in the application.

(b) *Use of statistics on boundaries.* The boundary of an urban area nominated for designation as an Empowerment Zone must coincide with the boundaries of census tracts, as defined in § 598.3.

§ 598.110 Tests of pervasive poverty, unemployment and general distress.

(a) *Pervasive poverty.* Pervasive poverty is demonstrated by evidence that:

(1) Poverty, as indicated by the number of persons listed as being in poverty in the 1990 Decennial Census, is widespread throughout the nominated area; or

(2) Poverty, as described above, has become entrenched or intractable over time (through comparison of 1980 and 1990 census data or other relevant evidence).

(b) *Unemployment.* Unemployment is demonstrated by:

(1) The most recent data available indicating that the annual rate of unemployment for the nominated area is not less than the national annual average rate of unemployment; or

(2) Evidence of especially severe economic conditions, such as military base or plant closings or other conditions that have brought about significant job dislocation within the nominated area.

(c) *General distress.* General distress is evidenced by describing adverse conditions within the nominated urban area other than those of pervasive poverty and unemployment. Below average or decline in per capita income, earnings per worker, number of persons on welfare, per capita property tax base, average years of school completed, substantial population decline, and a high or rising incidence of crime, narcotics use, homelessness, high incidence of AIDS, abandoned housing, deteriorated infrastructure, school dropouts, teen pregnancy, incidence of domestic violence, incidence of certain health conditions and illiteracy are examples of

appropriate indicators of general distress.

§ 598.115 Poverty rate.

(a) *General.* In order to be eligible for designation, an area's poverty rate must satisfy the following criteria:

(1) In each census tract within a nominated urban area, the poverty rate must be not less than 20 percent; and

(2) For at least 90 percent of the census tracts within the nominated urban area, the poverty rate must be not less than 25 percent.

(b) *Special rules relating to the determination of poverty rate—*(1) *Census tracts with populations of less than 2,000.* A census tract that has a population of less than 2,000 is treated as having a poverty rate that meets the requirements of paragraphs (a)(1) and (a)(2) of this section if more than 75 percent of the tract is zoned for commercial or industrial use, and the tract is contiguous to one or more other census tracts that have an actual poverty rate of not less than 25 percent.

(2) *Rounding up of percentages.* In making the calculations required by this section, the Secretary will round all fractional percentages of one-half percent or more up to the next highest whole percentage figure.

(c) *Noncontiguous parcels.* (1) Noncontiguous parcels that are developable sites are exempt from the poverty rate criteria of paragraph (a) of this section, for up to three developable sites.

(2) The total area of the noncontiguous parcels that are developable sites exempt from the poverty rate criteria of paragraph (a) of this section must not exceed 2,000 acres.

(3) A nominated urban area must not contain a noncontiguous parcel unless such parcel separately meets the criteria set forth at paragraphs (a)(1) and (2) of this section, except for up to three developable sites.

(4) There must not be more than three noncontiguous parcels, except that up to three developable sites are not included in this limit.