be made by publication of a Notice in the FEDERAL REGISTER.

§ 597.301 Selection factors for designation of nominated urban areas.

- (a) Selection factors. In choosing among nominated urban areas eligible for designation, the Secretary shall consider:
- (1) The effectiveness of the strategic plan in accordance with the key principles and evaluative criteria set out in §597.201;
- (2) The effectiveness of the assurances made pursuant to \$597.200(a)(2) that the strategic plan will be implemented;
- (3) The extent to which an application proposes activities that are creative and innovative in comparison to other applications; and
- (4) Such other factors established by HUD. Such factors include, but are not limited to, the degree of need demonstrated by the nominated area for assistance under this part. If other factors are established by HUD, a FEDERAL REGISTER notice will be published identifying such factors, along with an extension of the application due date if necessary.
- (b) Geographic diversity. HUD, in its discretion, may choose to select for designation a lower rated approvable application over a higher rated application in order to increase the level of geographic diversity of designations approved under this part.

Subpart E—Post-Designation Requirements

§ 597.400 Reporting.

HUD will require periodic reports for the Empowerment Zones and Enterprise Communities designated pursuant to this part. These reports will identify the community, local government and State actions which have been taken in accordance with the strategic plan. In addition to these reports, such other information relating to designated Empowerment Zones and Enterprise Communities as HUD shall request from time to time, including information documenting nondiscrimination in hiring and employment by businesses within the designated Empowerment

Zone or Enterprise Community, shall be submitted promptly.

§ 597.401 Periodic performance reviews.

HUD will regularly evaluate the progress of the strategic plan in each designated Empowerment Zone and Enterprise Community on the basis of performance reviews to be conducted on site and other information submitted. HUD will also commission evaluations of the Empowerment Zone program as a whole by an impartial third party, at such intervals as HUD may establish.

§597.402 Validation of designation.

- (a) Reevaluation of designations. On the basis of the performance reviews described in §597.401, and subject to the provisions relating to the revocation of designation appearing at §597.403, HUD will make findings on the continuing eligibility for and the validity of the designation of any Empowerment Zone or Enterprise Community. Determinations of whether any designated Empowerment Zone or Enterprise Community remains in good standing shall be promptly communicated to all Federal agencies providing assistance or administering programs under which assistance can be made available in such Zone or Community.
- (b) Modification of designation. Based on an urban area's success in carrying out its strategic plan, and subject to the provisions relating to revocation of designation appearing at \$597.403 and the requirements as to the number, maximum population and other characteristics of urban Empowerment Zones set forth in \$597.3, the Secretary may modify designations by reclassifying urban Empowerment Zones as Enterprise Communities or Enterprise Communities as Empowerment Zones.

§597.403 Revocation of designation.

(a) Basis for revocation. The Secretary may revoke the designation of an urban area as an Empowerment Zone or Enterprise Community if the Secretary determines, on the basis of the periodic performance review described at §597.401, that the State(s) or local government(s) in which the urban area is located: