(c) Prohibition against business relocation. The strategic plan may not include any action to assist any establishment in relocating from one area outside the nominated urban area to the nominated urban area, except that assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary is permitted if:

(1) The establishment of the new branch, affiliate, or subsidiary will not result in a decrease in employment in the area of original location or in any other area where the existing business entity conducts business operations; and

(2) There is no reason to believe that the new branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where the existing business entity conducts business operations.

(Approved by the Office of Management and Budget under Control Number 2506–0148)

§598.305 Designation factors.

In choosing among nominated urban areas eligible for designation, the Secretary will consider:

(a) Quality of strategic plan. The quality of the strategic plan (see §598.215(b));

(b) Quality of commitments. The quality and breadth of the commitments made in connection with the strategic plan (see §598.215(b)); and

(c) Other factors. Other factors established by HUD, as specified in a Federal Register notice.

Subpart E—Post-Designation Requirements

§598.400 HUD grants for planning activities.

(a) HUD will award planning grants up to $100,000 to each of the Empowerment Zones designated in accordance with this part.

(b) Eligible recipients for these grants are the lead unit of general local government that received designation under this part, or its designee. These recipients may subgrant all or part of the planning grant to qualified subgrantees, such as community organizations, agencies of local government, regional planning authorities, or planning consultants.

(c) Eligible planning activities include: hiring and development of staff, consulting services, publication of materials, community outreach and participation, governing board training, and similar activities that are intended to:

(1) Expand the planning capacity of the designee local government, the governing board, and/or participating entities, such as community organizations;

(2) Help the designee plan the implementation of the strategic plan; and

(3) Help the designee to develop its performance measurement process.

(d) The document announcing the initiation of the designation process describes the procedures for award of these planning grants, post-award reporting requirements with respect to the grants, and the uniform requirements applicable to all Federal grants.

§598.405 Environmental review.

Where any EZ’s strategic plan or any revision thereof proposes the use of HUD EZ Grant Funds for activities