

February

2014

Understanding HUBZone Designations

HUBZone Mini-Primer

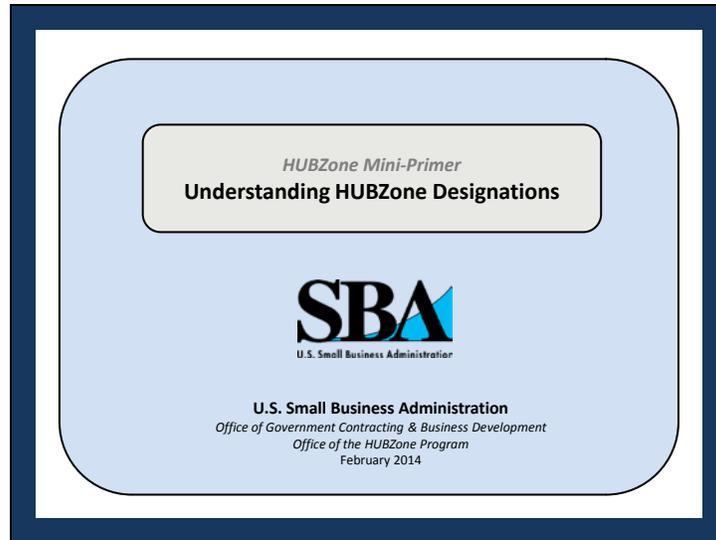
This is the first module in a series of Mini-Primers about the HUBZone Program. The presentation is about helping firms to better understand what HUBZone designations are, how they are determined, where they are located and how to find them.

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Office of Government Contracting and Business Development



Slide 1



This is about federal contract markets and participating in those markets as a HUBZone certified firm.

Welcome to SBA's training module, "***Understanding HUBZone Designations.***" This module is the first, in a series of mini-primers about the HUBZone program.

NOTE: *This supplemental workbook tracks the slides and narrative contained in SBA's online Mini-Primer, Understanding HUBZone Designations. The online version of the training program, with audio can be accessed at: www.sba.gov/gcclassroom. For the convenience of users, all hyperlinks contained in the copied slides are included as links at the end of the workbook.*

Introduction

- HUBZone program is designed to help small firms in certain communities gain access to federal contract opportunities
- Mini-primer is designed to help firms understand what HUBZone designations are, how they are determined, where they are located and how to find them

The HUBZone program is designed to help small businesses -- in certain urban, rural, BRAC, Indian reservation, and difficult development areas outside the U.S. mainland – to gain access to federal procurement opportunities. HUBZone areas or HUBZone designations are typically areas of low median household incomes or high unemployment, or both.

This mini-primer is about helping firms to better understand what HUBZone designations are, how they are determined, where they are located and how to find them.

Notes

Program Purpose

- Provides federal contracting assistance to qualified small firms in designated HUBZones to:
 - Increase employment opportunities
 - Stimulate capital investment
 - Empower communities through economic leveraging

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HUBZone Mini-Primer --- Designations

But first, and importantly, the HUBZone program has one purpose: to help small businesses in both urban and rural communities.

It provides federal contracting assistance to qualified small firms located in historically underutilized business zones -- or HUBZones -- to increase employment opportunities, stimulate capital investment in those areas, and empower communities through economic leveraging.

Notes

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What is a HUBZone Designation?

- Geographical location designated by the SBA as an area that is and has been historically underutilized by businesses

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So, what is a HUBZone designation? It is a geographical location identified and designated by the SBA as an area that is and has been historically underutilized by businesses.

Notes

Determining HUBZone Designations – SBA’s Role

- SBA uses information obtained from several agencies
- The way SBA uses this data to indicate HUBZones is determined [by law](#)
- SBA does not have the authority to decide that a particular area should be a HUBZone or not



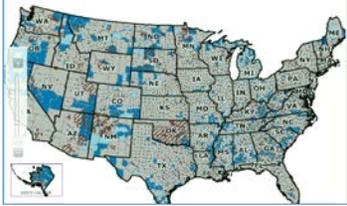
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HUBZone Mini-Primer --- Designations

SBA uses information and data from multiple federal sources to determine HUBZone designated status. Such federal agencies include the U.S. Bureau of Labor Statistics, Department of Defense, Department of Housing and Urban Development, Bureau of Indian Affairs and the U.S. Census Bureau.

The way SBA uses this data to determine HUBZone areas is established by law. The agency does not have the authority to decide, without supporting data that a particular area should or should not be a designated HUBZone. This is an important distinction.

How Do You Find HUBZone Designated Areas?



Review it... [HUBZone Maps - Page](#)

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How do you find a HUBZone designated area or determine if a location is in a HUBZone?

SBA has created an electronic tool – HUBZone Maps - where you can insert the address and zip code of a specific location (or its coordinates) to determine if that location is in a HUBZone.

At your convenience, return to this slide or the resource section at the end of the course and use the hyperlink to access the HUBZone Maps, page. This page will help you determine if your business location and employees are located within a HUBZone area.

You can access the interactive maps from this page, but be sure to check the notice on the landing page for areas that have not been incorporated into the map yet.

Types of HUBZone Designations

- There are four types of HUBZone designations:
 - ✓ Qualified Census Tract
 - ✓ Qualified Nonmetropolitan County
 - ✓ Qualified Indian Reservation
 - ✓ Qualified Base Closure Area

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There are four types of HUBZone designations. They are: qualified census tract; qualified nonmetropolitan county; qualified Indian reservation; and, qualified base closure area. Each of these designation types is explained in the following.

Notes

Qualified Census Tract (QCT)

- A census tract is a statistical subdivision of counties that may include just a few neighborhoods in a city or, in rural areas, may include several towns
- HUD designates Qualified Census Tracts (QCTs) for purposes of the [Low-Income Housing Tax Credit \(LIHTC\) program](#)
- To qualify -- census tract must either:
 - ✓ demonstrate a poverty rate of at least 25 percent; or
 - ✓ 50 percent or more of its householders must have incomes below 60 percent of the area median household income*

NOTE: LIHTC statute imposes limits on the number of census tracts an area can have --- it is possible for a tract to meet one or both of the above criteria, but not be designated as a QCT

A census tract is a *statistical subdivision* of counties that may include a few neighborhoods in a city or, in rural areas, may include several towns. Tracts generally have populations that range in size between 1,200 and 8,000 people.

The Department of Housing and Urban Development is responsible for designating Qualified Census Tracts or QCTs for purposes of the statutorily established Low-Income Housing Tax Credit program. To qualify under this program, a census tract must either: demonstrate a poverty rate of at least 25 percent; or 50 percent or more of its householders must have incomes below 60 percent of the area median household income.

It is important to note, the Low Income Tax Credit program, which is driven by statute, imposes limits on the number of census tracts an area can have. As such, it is possible for a tract to meet one or both of the above criteria, but not be designated as a QCT.

Qualified Nonmetropolitan County (QNMC)

- Counties that are part of a metropolitan area are **not eligible** for HUBZone status
- In order for a nonmetropolitan county to qualify:
 - ✓ median household income in the county must be less than 80% of the nonmetropolitan state median household income, or
 - ✓ the unemployment rate in the county must be at least 140% of either the national or state unemployment rate, or
 - ✓ the county is classified as a Difficult Development Area (DDA), as designated by HUD within Alaska, Hawaii, or any territory or possession of the United States - outside the 48 contiguous states



HUBZone Mini-Primer --- Designations

Only counties in nonmetropolitan areas may be eligible for HUBZone designated status.

In order for a nonmetropolitan county to qualify: the median household income in the county must be less than 80% of the nonmetropolitan state median household income, or the unemployment rate in the county must be at least 140% of either the national or state unemployment rate, or the county is classified as a Difficult Development Area, as designated by HUD within Alaska, Hawaii, or any territory or possession of the United States, outside of the 48 contiguous states.

Notes

Qualified Indian Reservation

- Qualified Indian Lands are areas within the boundaries of Indian reservations
- Trust lands acquired by an Indian tribe after December 21, 2000, are **NOT** HUBZones unless they:
 - ✓ are part of a former reservation, or
 - ✓ are contiguous to areas that were trust lands as of December 21, 2000

Indian lands in areas within the boundaries of an Indian reservation may qualify as a HUBZone area.

Trust lands acquired by an Indian reservation or tribe after December 21, 2000, do not qualify as HUBZones, unless they are part of a former Reservation, or they are contiguous to areas that were trust lands prior to December 21, 2000.

Qualified Base Closure (QBC)

- Base closure area is defined as the lands within the boundaries of a military installation that was closed
- Such an area can be designated as a HUBZone for a period of 5 years, beginning on the official date of base closure and ending the same date, five years later



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Certain base closure areas may qualify as HUBZone designated areas.

A base closure area is defined as the lands within the boundaries of a military installation that was closed. Such an area can be designated as a HUBZone for a period of 5 years, beginning on the official date of the base closure and ending the same date, five years later.

Notes

Redesignated Area

- Tracts or counties are redesignated for three years after the date which the tract or county ceases to be qualified due to changes in income, unemployment, or poverty data
- When a tract or county is redesignated, its status in the HUBZone maps reflects the sunset date of the redesignation

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A redesignated area qualifies for a limited time as a HUBZone area. This is an important distinction.

If or when a tract or county ceases to meet the qualifications for HUBZone status, due to changes in income, unemployment, or poverty data, it becomes a redesignated area. As a redesignated area, it qualifies as a HUBZone designated area for a period of three years.

Importantly, when a tract or county is redesignated, its status in the HUBZone maps reflects the sunset date of the redesignation.

Redesignated Area -- Example

This location is HUBZone Qualified until October 2015.
The location indicated is in Catron County, NM.
Catron County is a non-Metro County, not currently HUBZone qualified by either unemployment rate or household incomes.
However, Catron County was previously qualified and will retain HUBZone eligibility as 'Redesignated' until October 2015.

In this example, Catron County, New Mexico is redesignated until October 2015, which means it ceased to be qualified in 2012

As such, on or after October 1, 2015 all certified HUBZone small businesses whose principal office is located in Catron County, NM will be proposed for decertification



HUBZone Mini-Primer --- Designations

In this example, Catron County, New Mexico is redesignated until October 2015, which means it ceased to be qualified in 2012.

As such, on or after October 1, 2015, all certified HUBZone small businesses whose principal office is located in Catron County, NM will be proposed for decertification.

Notes

Knowledge Review -- Question

- Question:** All of the colors in this HUBZone map legend indicate an area that is a HUBZone, except for one -- which is it?

Legend

Census Tracts

- Redesignated Tract Area
- Qualified Census Tract

Counties

- Non-Qualified County
- Qualified Non-Metro County
- Redesignated County

Other Qualified Areas

- Indian Land
- Base Closure Area



HUBZone Mini-Primer --- Designations

Question: All of the colors in the noted HUBZone map legend indicate an area that is a HUBZone, except for one -- which is it?

Knowledge Review -- Answer

- Answer:** Gray indicates a non-qualified county where there is no qualified or redesignated census tract, Indian Land, or base closure area and thus is not a HUBZone area

Legend

Census Tracts

- Redesignated Tract Area
- Qualified Census Tract

Counties

- Non-Qualified County
- Qualified Non-Metro County
- Redesignated County

Other Qualified Areas

- Indian Land
- Base Closure Area



HUBZone Mini-Primer --- Designations

Ok, so that was a pretty easy question. The answer is: gray indicates a non-qualified county where there is no qualified or redesignated census tract, Indian Land, or base closure area and thus, is not a HUBZone area.

Notes

How Often do HUBZones Change?

HubZone Type	Subtype	Data Update Frequency	Source Data Agency
Qualified Census Tract	-	Every 5 years	Department of Housing and Urban Development
Qualified Nonmetropolitan County	Qualified by unemployment	Annually (May)	Bureau of Labor Statistics
	Qualified by income	Annually (Jan.)	Census Bureau
	Qualified DDA	Annually (Nov.)	Department of Housing and Urban Development
Qualified Indian Land-		As necessary	Bureau of Indian Affairs
Qualified Base Closure Area	-	As necessary	Department of Defense



HUBZone Mini-Primer --- Designations

HUBZone designations are not static. They change based on a variety of data. Indian lands and base closure areas can change frequently or as necessary. Nonmetropolitan counties are reviewed and can change multiple times a year. Census tracts are updated every five years, when HUD releases a notice to that effect in the federal register. The last update to qualified census tracts was in October of 2012.

Resources and Tools

- Powerful resources and tools are available to assist you to better understand the HUBZone program
- Use these resources to learn, discover and expand your understanding.

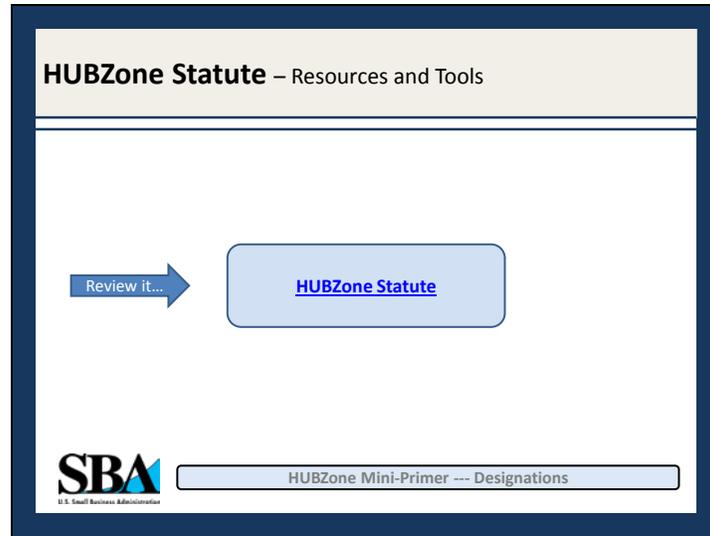
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HUBZone Mini-Primer --- Designations

There are some very powerful resources and tools available to assist you to better understand the HUBZone program, and more specifically, HUBZone designations. Use these resources – highlighted in the following slides -- to learn, discover and expand your understanding.

Notes

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The HUBZone program was established by the authority 15 U.S.C. 632(a), as amended in the Small Business Act. Take a look at the law.

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HUBZone Regulations – Resources and Tools

Review it... → **HUBZone Regulations**
13 CFR Parts 126.100 – 126.900

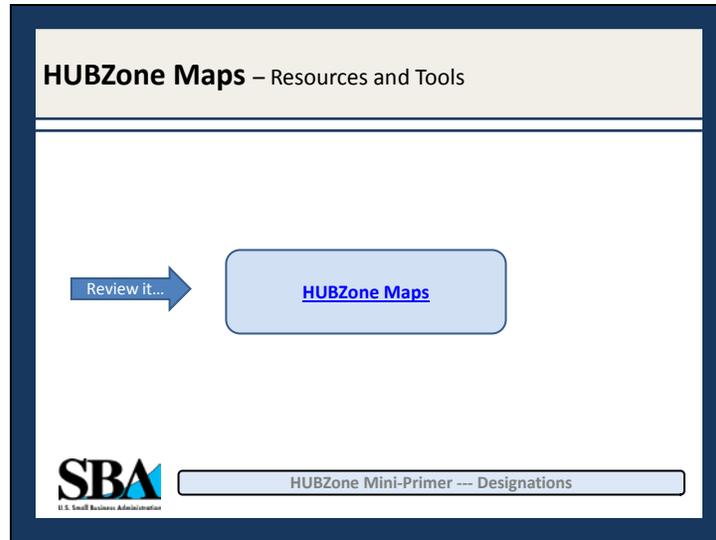
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Regulations governing the HUBZone program are located in 13 CFR Parts 126.100 to 126.900.

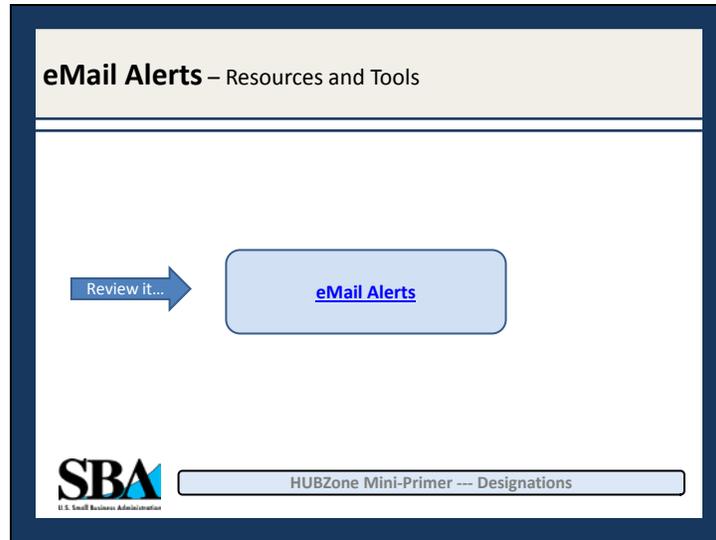
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SBA's HUBZone maps tool is a powerful resource. Use it to check the HUBZone status of a particular location and/or use the landing page of the tool to download relevant spreadsheets, pdfs, and other information.

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Sign up for eMail Alerts to be notified when there is a map change. This is a helpful feature and excellent resource for learning about designation changes.

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HUBZone Designation FAQs – Resources and Tools

Review it... → [HUBZone Designation FAQs](#)

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[HUBZone Mini-Primer --- Designations](#)

Review SBA’s frequently asked questions, specific to designations and the HUBZone program.

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Geocoding Toolkit – Resources and Tools

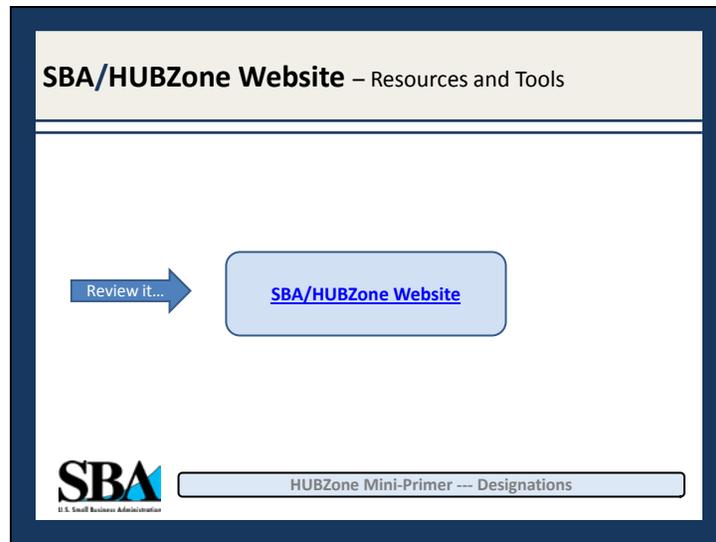
Review it... → [Geocoding Toolkit](#)

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Use this geocoding toolkit if you have trouble finding an address.

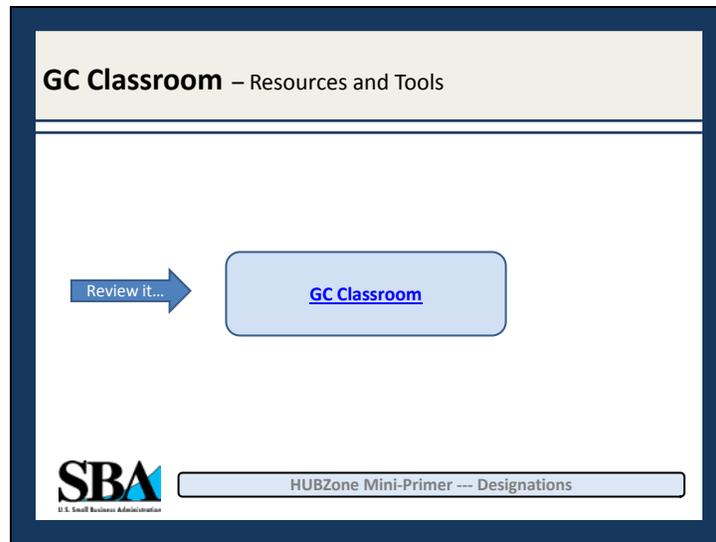
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SBA's website is a comprehensive and excellent source of current information about the HUBZone program. Check it out.

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The agency's online Government Contracting Classroom features a number free training courses about government contracting and several are specific to the HUBZone program.

Notes

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Contact Us...

- Thank you for taking the time to learn about HUBZone designations
- Please contact us with any questions you may have

HUBZone Help Desk
HUBZone@sba.gov

U.S. Small Business Administration
Office of Government Contracting and Business Development
Office of the HUBZone Program



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Thank you for taking the time to learn about HUBZone designations. Please contact us if you have any additional questions.

Thank you.

Notes

Hyperlinks Contained in the Workbook

Small Business Act – HUBZone Statute

http://www.sba.gov/sites/default/files/Small%20Business%20Act_0.pdf

HUBZone Maps Page <http://map.sba.gov/hubzone/maps>

Low Income Housing Tax Credit Program

http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/training/web/lihtc/basics

HUBZone Regulations [http://www.ecfr.gov/cgi-bin/text-](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr;sid=7f10b57ab16b755f85493361636352c1;rgn=div5;view=text;node=13:1.0.1.1.21;idno=13;c=ecfr)

[idx?c=ecfr;sid=7f10b57ab16b755f85493361636352c1;rgn=div5;view=text;node=13:1.0.1.1.21;idno=13;c=ecfr](http://www.ecfr.gov/cgi-bin/text-idx?c=ecfr;sid=7f10b57ab16b755f85493361636352c1;rgn=div5;view=text;node=13:1.0.1.1.21;idno=13;c=ecfr)

eMail Alerts https://public.govdelivery.com/accounts/USSBA/subscriber/new?topic_id=USSBA_14

HUBZone Designation FAQs <http://www.sba.gov/content/frequently-asked-questions>

Geocoding Tool http://www.sba.gov/sites/default/files/files/Geocoding%20Toolkit_v3.pdf

SBA/HUBZone Website <http://www.sba.gov/hubzone>

GC Classroom www.sba.gov/gclassroom

North American Industry Classification System <http://www.census.gov/eos/www/naics/>

Code of Federal Regulation (13CFR)

<http://www.gpo.gov/fdsys/browse/collectionCfr.action?collectionCode=CFR>

SBA Government Contracting <http://www.sba.gov/about-offices-content/1/2986>

SBA District Offices <http://www.sba.gov/about-offices-list/2>

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