



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, DC 20416

September 25, 2014

The Honorable Tim Kaine
United States Senate
Washington, DC 20510

Dear Senator Kaine:

Administrator Contreras-sweet has asked me to respond to your recent inquiry regarding the U.S. Small Business Administration's (SBA) HUBZone Program. We understand you are concerned about the HUBZone status of Pittsylvania County.

The following responds to information requested by the Pittsylvania County Planning & Development Assistant Administrator, Gregory Sides.

- 1) The SBA will not apply the 2013 OMB designations until the Census Bureau releases statistical data that has been produced on income. This data is scheduled to be released in December of 2014. The SBA will evaluate the data for Pittsylvania County at that time to determine if it is a qualified HUBZone on the basis of the income requirement.
- 2) The Virginia non-metropolitan median household income data is available at the American Fact Finder, at <http://factfinder2.census.gov/>. Should Pittsylvania County require additional assistance with using the American Fact Finder, it may request assistance from the Census. Alternatively, SBA can provide detailed instructions—the County may contact hubzone@sba.gov.
- 3) Pittsylvania County does not currently meet the eligibility criteria for HUBZone status either as metropolitan county or non-metropolitan county. As a non metropolitan-county, Pittsylvania County would not qualify on the basis of the income requirement and it would also not qualify on the basis of the unemployment requirement. The county median household income is actually higher than the state non-metropolitan median household income. Also, the county unemployment rate is only 125% of the state unemployment rate (and less than the national unemployment rate). In order to qualify on the basis of unemployment, a non-metropolitan county's unemployment rate must be at least 140% of the state rate or the national rate.
- 4) Pittsylvania County presently has no Qualified Census Tracts. The US Department of Housing and Urban Development (HUD) designates Qualified Census Tracts (QCTs) for purposes of the Low-Income Housing Tax Credit (LIHTC) program. The LIHTC Program is defined in Section 42 of the Internal

Revenue Code of 1986. The LIHTC is a tax incentive intended to increase the availability of affordable rental housing. The LIHTC statute provides two criteria for QCT eligibility. A census tract must have either 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. The area corresponds to a metropolitan or a non-metropolitan area. Further, the LIHTC statute requires that no more than 20 percent of the metropolitan area population reside within designated QCTs (This limit also applies collectively to the nonmetropolitan counties in each state). Thus, it is possible for a tract to meet one or both of the above criteria, but not be designated as a QCT. For more information, visit <http://qct.huduser.org/>.

- 5) The SBA reviews new data that pertains to the HUBZone designations immediately upon release by the responsible agency. The SBA carefully reviews the new data and performs several internal quality controls to ensure the designations are correct. Once the analysis is complete, the results are published on the HUBZone website at <http://www.sba.gov/content/hubzone-maps> and SBA sends an email to alert all HUBZone News Updates subscribers. This is typically accomplished within 4-6 weeks of the data release. The Census has scheduled its next income release for December 4, 2014, so the new designations will be released on or before January 1, 2015.
- 6) SBA has many programs that may be able to help the small businesses of Pittsylvania County in securing federal contracts. To get started, visit www.sba.gov/contracting or contact a Procurement Technical Assistance Center (contact information available at www.sba.gov/local-assistance).

We appreciate your continued support of SBA and the Virginia small business community. If you and your staff have any questions, please contact the SBA Office of Congressional and Legislative Affairs at (202) 205-6700. A similar response is being to Senator Warner.

Sincerely,

Mariana A. Pardo
Director
HUBZone Program