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U.S. Small Business Administration **SBA**

DOORS

HUBZONE PROGRAM

*Helping Create Jobs Where They
Are Needed Most*

SBA Virtual Conference 2017

January 18, 2017



What We'll Be Talking About

- What is the purpose of the HUBZone Program?
- Why obtain the HUBZone certification?
- Why incorporate it into the economic development strategies?
- How to get and keep the HUBZone certification?
- When and How are the HUBZone designations made and updated? How often do they change?



HUBZone Program - Purpose

- Provide Federal contracting assistance to qualified small business concerns located in **H**istorically **U**nderutilized **B**usiness **Z**ones (HUBZones) to:
 - Increase employment opportunities [connects to the employee HUBZone residency requirement]
 - Stimulate capital investment in those areas [connects to the HUBZone principal office requirement]
 - Empower communities through economic leveraging and the “multiplier effect” [connects to the to the HUBZone principal office employee HUBZone residency requirements]



Why obtain the HUBZone certification?

- Give back to the community by investing in structures in the HUBZones and providing employment to individuals residing in HUBZones
- Narrows the field of competition

Why include the HUBZone Program as a tool into economic development plan toolbox?

- Offers an additional incentive for firms to consider establishing operations in the HUBZone area who in turn may encourage new folks to move into the area.
- Firms provide employment opportunities to HUBZone residents.
- Potential for linkages between industry, workforce centers, educational institutions (high-schools, community colleges, universities, etc.)
- In FY15 over \$6.4 billion dollars were awarded Federal Government-Wide to HUBZone firms
- HUBZone businesses represent all industries. Find list of HUBZone firms in specific areas at http://dsbs.sba.gov/dsbs/search/dsp_searchhubzone.cfm

HUBZone Program Benefits

- Set-aside awards,
- Sole source awards, and
- Awards through full and open competition after application of 10% price evaluation preference.
- Subcontracting Opportunities.



How do firms get and keep the HUBZone certification?

- Study the requirements and develop a strategy to keep the certification
- Use available and free resources such as:
 - HUBZone Office Hours; HUBZone Website; HUBZone email news
 - Small Business Counselors in
 - SBA's District Offices
 - Small Business Utilization Offices in Federal Agencies
 - Procurement Technical Assistance Centers
 - Small Business Development Centers
 - Women Business Centers

HUBZone Statutory Requirements

- Location:
 - “Principal Office” must be located in a HUBZone (may differ for tribally owned concerns).
- Employment:
 - At least 35% of employees must reside in a HUBZone (may differ for tribally owned concerns).

Definitions: “Employee” and “Principal Office”

- **Employee** means all individuals employed on a full-time, part-time, or other basis, so long as that individual works a minimum of 40 hours per month.
 - Includes employees obtained from a temporary employee agency, leasing concern, or through a union agreement or co-employed pursuant to a professional employer organization agreement.
 - SBA will consider the totality of the circumstances, including criteria used by the IRS for Federal income tax purposes and those set forth in SBA's Size Policy Statement No. 1, in determining whether individuals are employees of a concern.
 - Volunteers (*i.e.*, individuals who receive deferred compensation or no compensation, including no in-kind compensation, for work performed) are not considered employees.
 - Owners who work for the HUBZone firm a minimum of 40 hours per month, that owner is considered an employee regardless of whether or not the individual receives compensation.
- **Principal office** means the location where the greatest number of the concern's **employees** at any one location perform their work.
 - Firms whose “primary industry” (see 13 CFR 121.107) is service or construction (see 13 CFR 121.201), must exclude the concern's employees who perform the majority of their work at job-site locations to fulfill specific contract obligations.



HUBZone Eligibility Requirements, cont'd...

- Size:
 - Small, by relevant SBA standards.
- Ownership and Control:
 - at least 51% U.S. citizens or a Community Development Corporation, or an Alaskan Native Corporation, or an agricultural cooperative, or Native Hawaiian Organization or an Indian tribe.
- **Note:** Different rules apply for Tribal Governments, Alaskan Native Corporations, Native Hawaiian Organizations, Community Development Corporations and small agricultural cooperatives. These are delineated in Title 13 of the Code of Federal Regulations, Part 126

Geographical assignments

- Assignments are largely **based upon unemployment and income data**, but also include areas added to address specific development goals
- Areas include:
 - Qualified Census Tracts
 - Non-Metro Counties
 - Difficult Development Areas¹
 - Indian Reservations
 - Former military bases closed by the Base Realignment and Closure Act (BRAC) and surrounding areas
 - Qualified Disaster Areas
 - Redesignated areas
- HUBZone **geographical assignments are not made by SBA**, but by other Federal agencies (HUD, Labor, DOI/BIA, etc.)

¹ Applies only to non-metro counties in Alaska, Hawaii, and U.S. Territories

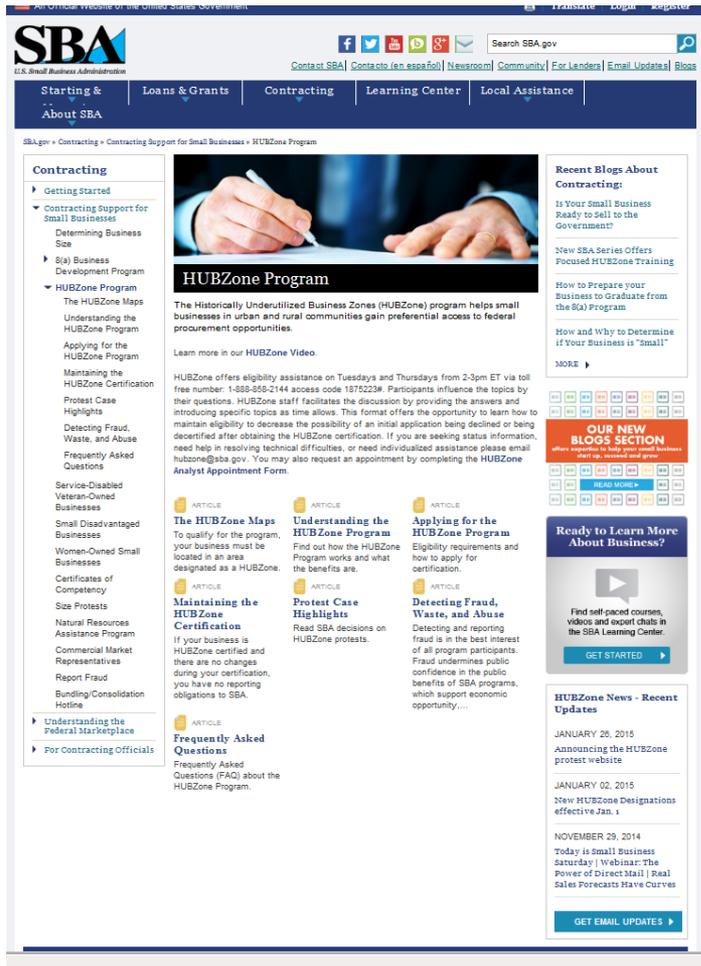
HUBZone Maps



When are the HUBZone designations updated?

HUBZone Type	Subtype	Data Update Frequency	Source Data Agency
Qualified Census Tract	N/A	Per HUD update	Department of Housing and Urban Development
Qualified Nonmetropolitan County	Qualified by unemployment	Annually	Bureau of Labor Statistics
Qualified Nonmetropolitan County	Qualified by income	Annually	Census Bureau
Qualified Nonmetropolitan County	Qualified Difficult Development Area (DDA)	Annually	Department of Housing and Urban Development
Qualified Indian Land	N/A	As necessary	Bureau of Indian Affairs
Qualified Base Closure Area	N/A	As necessary	Department of Defense
Qualified Disaster Area	N/A	As necessary	SBA's Office of Disaster Assistance

HUBZone Information



- Map – landing page
- Understanding
 - Mini-primers
 - Webinars
- Applying
 - Size standards Tool
 - 35% and principal office calculator
 - FAQ / Certification
 - Application Timeline
 - Application Guide
 - Supporting docs
- Maintaining
- Protests
- Detecting Fraud, Waste & Abuse
- FAQs

HUBZone Information

Resources & Tools	Resources & Tools
<u>HUBZone Website</u>	<u>Applying for Certification</u>
<u>35% and PO calculator tool</u>	<u>Maintaining Certification</u>
<u>HUBZone maps / designations</u>	<u>SBA Learning Center</u>
<u>Supporting Documentation</u>	<u>SBA Local Assistance</u>
<u>HUBZone Regulations</u> <u>13 CFR – Part 126</u>	<u>SBA Size Standards</u>

For more information . . .

- Visit the HUBZone website at <http://www.sba.gov/hubzone> for the latest information, including information about:
 - HUBZone Office Hours – eligibility conversations via a toll free number on Tuesdays and Thursdays from 2:00 to 3:00 p.m. ET
- Contact the helpdesk at HUBZone@sba.gov

www.sba.gov





THANK YOU!

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HUBZone Helpdesk

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