

HUBZONE EMPOWERMENT CONTRACTING PROGRAM

*(HISTORICALLY
UNDERUTILIZED BUSINESS
ZONE)*

What We Will Talk About

- 📄 Events Leading to Creation of HUBZone
- 📄 Purpose of the HUBZone Program
- 📄 Qualifications
- 📄 Federal Contract Goals
- 📄 Contract Options
- 📄 Latest Developments



HUBZone Program

◆ A Community-Based Economic Development Program to stimulate:

 Job Creation

 Capital Investment

--in distressed localities

Quick History

In 1992, A Presidential Panel issues report with phrase “Historically Underutilized Businesses,” or HUBs to replace “Disadvantaged Businesses.”

In 1996, President Clinton Executive Order for “Empowerment Contracting.”
Sought price evaluation credit to encourage business activity by large or small firms in areas of “general distress.”



Quick History PLUS Concept

In 1996, U.S. Senator Christopher ‘Kit’ Bond, Chairman of the Small Business Committee, crafts legislation to link preferences for award of Federal Contracts to small businesses located in economically dormant areas (HUBZones).

Felt JOBS, not more job training, is what’s needed to promote long-term economic viability.

Quick History

HUBZone Becomes Law

In 1997, Congress passed and the President signed into law the “Small Business Reauthorization Act of 1997,” which contained the HUBZone provision.

In 1998, The U.S. Small Business Administration moves final rules to create the *HUBZone Empowerment Contracting Program*

The SBA Reauthorization Act

The SBA
Reauthorization Act
Signed by President
Clinton in December,
2000

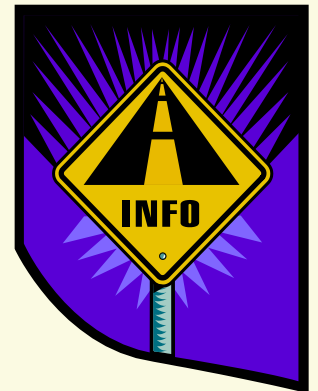


HUBZone Empowerment Contracting Program

◆ The Internet

From outset, designed as a Virtual
Program always available at:

www.sba.gov/hubzone



Purpose of the HUBZone Program

- ◆ Provide federal contracting assistance to qualified small businesses located in distressed areas or HUBZones. Why?

- 📄 Increase employment opportunities
- 📄 Stimulate capital investment in those areas
- 📄 Empower communities through economic leveraging and the “multiplier effect”



HUBZone Qualified Areas

Metropolitan Area Census Tracts: 10,169 Areas

- “Qualified Census Tract” that meets test for Low Income Housing Tax Credit. (HUD) (Changes with decennial census)

Non-Metropolitan Counties: 1,349 counties

- Median Household income is less than 80% of the non-metropolitan state level (Census) (Changes with decennial census)
- Unemployment rate that is at least 140% of the lower of the state-wide or U.S. average (BLS) (Changes annually)

HUBZone Qualified Areas Continued



Federally recognized Indian Reservations: 659

- Locations include land meeting the definition of Indian Country (BIA and IRS) (Change is periodic)



Difficult Development Areas: 67 locations

- “Difficult Development Area” external to continental U.S. that meets test for Low Income Housing Tax Credit. (HUD) (Changes with decennial census)



Former military base closed by BRAC: 48

- Former military bases as a result of Base Realignment and Closure Act (BRAC). Locations remain HUBZone five years after date of closing. (Defense) (Changes Periodically)

How do you qualify as a HUBZone Small Business Concern?

◆ FOUR REQUIREMENTS:

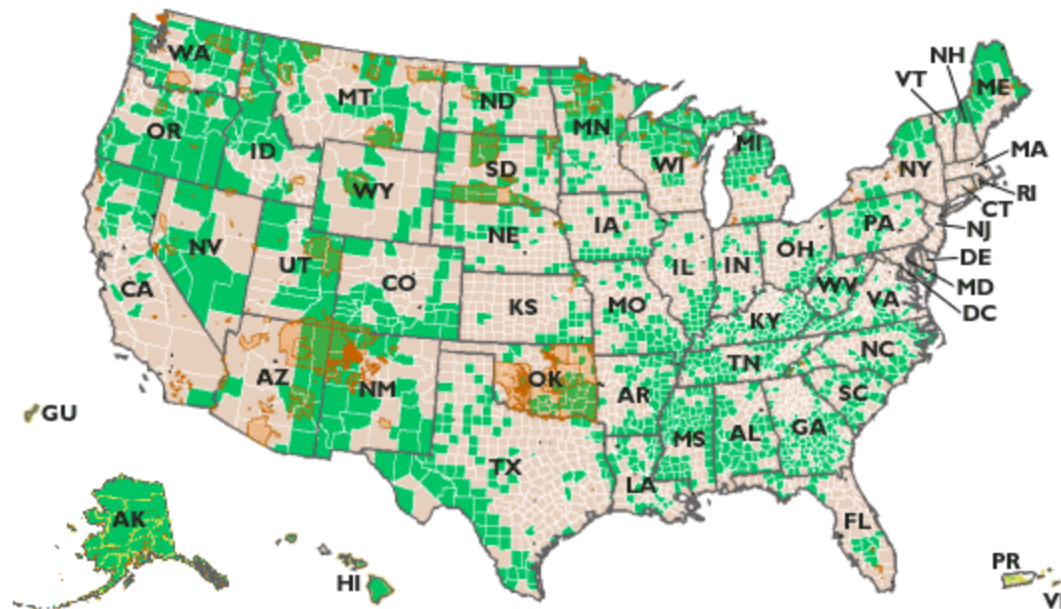
- 📄 Must be a **Small Business** by SBA standards;
- 📄 Business must be owned and controlled *only* by U.S. Citizen, Community Development Corporations or Indian Tribes;
- 📄 Principal Office **must** be in a HUBZone; and
- 📄 At least **35%** of the firm's employees must **reside** in a HUBZone.

Defines ‘Principal Office

- Defined “principal office” to mean location where greatest number of concern’s employees at any one location perform their work.
- For services or construction operations, new rule says principal office is location where greatest number of employees perform work, *but excluding those who perform work at job-site locations to fulfill specific contract obligations.*

Am I in a HUBZone?

Simply log onto the web at <http://www.sba.gov/hubzone> and select the option 'Find Out if You Are in a HUBZone.' You can search the system using several designations, including a specific address, a county or a full state.



--Select a State--

Select

Powered by [Maptitude for the Web™](#) by Caliper

Not Qualified (zoom to see tracts)

Qualified

Indian Country

Difficult Development Area

Or enter an ADDRESS, TOWN or COUNTY to Search

Address *(include either City & State or ZIP Code - omit address to zoom map to a city or ZIP code area)*

Street Address:

City & State:

ZIP Code:

Search

Reset

County

County:

State:

Search

Reset

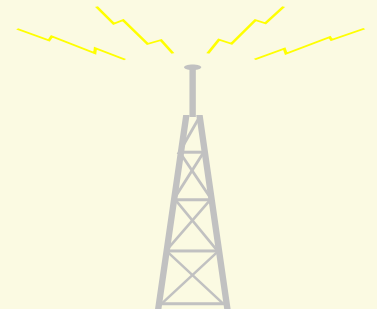
The Certification Process

NEW – *Entirely revamped online application*

📄 Processing time (<90 days)

📄 SBA decision in writing

📄 All participants added to SBA's CCR database with special HUBZone designation at: www.ccr.gov *Central Contractors Registration*

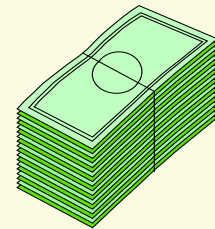


What are the Government-wide HUBZone Goals?

All Federal Agencies now are subject to annual HUBZone fiscal year goals.

The government-wide goals are:

3% Prime Contracts set-aside for HUBZone firms (roughly equals \$6 Billion annually)



Types of Contract Assistance Available to HUBZone Firms

- ◆ Set-Aside Awards
- ◆ Sole Source Awards
- ◆ Awards through full and open competition using the 10% price preference mechanism
- ◆ Provided just for HUBZone businesses
- ◆ Subcontracting

HUBZone Set-Aside Procedures

- ◆ HUBZone set-asides to be considered before HUBZone sole-source awards or small business set-asides
- ◆ Contract Officer *may* set-aside acquisitions exceeding the Micro Purchase (\$25,000) and below the Simplified Acquisition Threshold (\$5 Million)

HUBZone Sole Source Contract Awards

- ◆ Anticipated award price, including options will not exceed:
 - \$6.5 million - manufacturing
 - \$4.0 million – all other NAICS Codes
- ◆ Two or more qualified HUBZone firms are not likely to submit offers
- ◆ A HUBZone firm is a responsible contractor to perform the proposed contract



Full and Open Competition Price Evaluation Preference

- ◆ A HUBZone firm can displace the apparent low offeror (other than another small business) if its price is not more than 10% higher than the otherwise lowest, responsive and responsible offeror

Subcontracting Requirements

- ❖ For most large contracts (over \$650,000 or \$1.5 million construction), large business contractors must create a subcontracting plan reflecting HUBZone firm participation
- ❖ There is no specified HUBZone goal for subcontracting... however
- ❖ Factors into the firm's 'Past Performance' analysis on future contracting actions

HUBZone Law

-  Makes clear that HUBZone Program does not apply to contracts awarded by state and local governments, since HUBZone Act only applies to the Federal Government
-  Also says state and local governments that have programs similar to HUBZone Program free to use SBA's list of qualified HUBZone SBCs to identify such concerns.

Three-Year Grandfathering

- ◆ Permits areas that lose HUBZone designation to extend area participation for three years after change of status
- ◆ This allows for return-on-investment for owners willing to invest in HUBZones
- ◆ Known as ‘redesignated areas’

For Additional Information - Contact

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