

HUBZone Program Overview

Marshall Small Business Alliance

Meeting

February 22, 2018



www.sba.gov



Governing Regulations

Historically Underutilized Business Zone Program

[13 CFR part 126](#)

[FAR subpart 19.13](#)

- Brief HUBZone Program Overview
- Program Updates
 - Contracting
 - NDAA 2018



SBA Administers the HUBZone Program

- HUBZone program is designed to help small firms in certain communities gain access to federal contracting opportunities
- **Status as a HUBZone small business concern (SBC) is determined by SBA, pursuant to 13 CFR part 126**
- **A firm must apply to SBA for HUBZone certification (13 CFR 126.300 to 126.309)**
- **If SBA determines that a concern is a HUBZone SBC, SBA will issue a certification to that effect and will add the concern to the List of Qualified HUBZone Small Business Concerns at http://dsbs.sba.gov/dsbs/search/dsp_searchhubzone.cfm**
- **Only firms on the List are HUBZone SBCs and eligible for HUBZone contracting preferences and awards**



HUBZone Contracts (13 CFR 126.600)

HUBZone contracts (including Multiple Award Contracts) include awards to qualified HUBZone SBCs through:

- **Sole source awards**
- **100% HUBZone set-aside awards** and partial set-asides
- **Full and open competition**, where the **HUBZone price evaluation preference is applied**
- **Reserves** for HUBZone SBCs under Multiple Award Contracts (MAC)
- **Orders set-aside** for HUBZone SBCs against a MAC, where the MAC was awarded in full and open competition



Requirements to Bid on HUBZone Contract (13 CFR 126.601)

When a HUBZone SBC submits its initial offer on a specific HUBZone contract, it must certify to the CO that:

- It is a **certified HUBZone SBC that appears on SBA's List**;
- There has been **no material change** in its circumstances that could affect its HUBZone eligibility since the date of HUBZone certification;
- It is a **small business** under the NAICS code assigned to the procurement;
and
- It **will “attempt to maintain”** the required percentage of employees who are HUBZone residents during the performance of a HUBZone contract.



Status as a HUBZone Small Business Concern

- To be eligible for a HUBZone contract, a concern **must be a HUBZone SBC both at the time it submits its initial offer AND at the time of contract award** (13 CFR 126.601(c))

New

- A HUBZone SBC may joint venture with one or more other small business concerns or its SBA-approved mentor for the purpose of submitting an offer for a HUBZone contract.

Notes:

The joint venture itself need not be certified as a qualified HUBZone SBC.

- HUBZone JV can be formed:
 - with one or more other small businesses
 - with an SBA approved mentor, under the
 - 8a Business Development Program; or
 - All Small Mentor Protégé Program

Each JV member must be small under the size standard corresponding to the NAICS code assigned to the procurement or sale.

- A joint venture between a protégé firm and its SBA-approved mentor is considered to be small.



HUBZones and Parity

BELOW OR AT SAT

(\$3,500 - \$150,000)

ABOVE SAT

(> \$150,000)

NEW: The 2018 NDAA raised the micro-purchase threshold to \$10,000 and the simplified acquisition threshold to \$250,000.

Acquisition is automatically reserved exclusively for small business —

CO **may** award as:

- small business set-aside
- 8(a) set-aside
- HUBZone set-aside
- SDVO set-aside
- WOSB set-aside

Before awarding as small business set-aside, CO **must** first consider awarding as—

- 8(a) set-aside (or sole source)
- HUBZone set-aside (or sole source)
- SDVO set-aside (or sole source)
- WOSB set-aside (or sole source)

EXCEPTION: “Once 8(a), always 8(a)” rule - If a requirement has been accepted by SBA under the 8(a) Program, it must remain in the 8(a) Program unless SBA agrees to its release.



Limitations on Subcontracting (LOS)

SBA's Rule Effective June 30, 2016 (81 FR 34243); FAR – Forthcoming

A HUBZone SBC prime contractor may subcontract part of a HUBZone contract, provided the HUBZone SBC meets the following requirements:

Services (except construction) <ul style="list-style-type: none">• Spend no more than 50% of the value of the prime contract on subcontractors that are not HUBZone SBCs	Supplies (from a manufacturer) <ul style="list-style-type: none">• Spend no more than 50% of the value of the prime contract on subcontractors that are not HUBZone SBCs
General Construction <ul style="list-style-type: none">• Spend no more than 85% of the value of the prime contract on subcontractors that are not HUBZone SBCs• Cost of materials are excluded	Special Trade Construction <ul style="list-style-type: none">• Spend no more than 75% of the value of the prime contract on subcontractors that are not HUBZone SBCs• Cost of materials are excluded

NOTE: Subcontractors with HUBZone certification qualify as “similarly situated entities” on a HUBZone contract.



Nonmanufacturer Rule (NMR)

(13 CFR 126.601, FAR 19.1303)

SBA's Rule Effective June 30, 2016 (81 FR 34243); FAR – Forthcoming

- Under SBA's new Nonmanufacturer Rule:
 - A HUBZone SBC may submit an offer for supplies as a nonmanufacturer if it meets the requirements of the NMR set forth at 13 CFR 121.406(b)(1)
 - NOTE: This new rule eliminated the requirement that the manufacturer also be a HUBZone SBC
 - A CO may now request a waiver of the NMR for a HUBZone contract
 - Class waivers now apply to HUBZone contracts
- As a result, the HUBZone program's treatment of the NMR is now consistent with SBA's other socioeconomic programs
- **For HUBZone contracts at or below \$25,000**, a HUBZone SBC may supply the end item of any domestic manufacturer. This means the manufacturer may be a large business, but the product acquired must be manufactured or produced in the U.S.

Effective December 12, 2017



- QCTs, QNMCs & redesignated areas do not change until after January 1, 2020

Effective January 1, 2020

- Update map every 5 years
- Use state median income to calculate status for nonmetropolitan county
- Base Closure Area remains HUBZone designated for at least 8 years

- State governors may petition for HUBZone designation
- HUBZone application review within 60 days of complete application
- Program Examination – if ineligible, firm has 30 days to show qualified, may not compete for HUBZone contracts during that time
- SBA must annually report on whether HUBZone is promoting economic development in distressed areas

List of HUBZone designations

- Qualified Census Tracts (QCTs); 
- Qualified Nonmetropolitan Counties (QNMCs);
- Lands within the external boundaries of an Indian reservation;
- Redesignated areas;
- Base closure areas (aka BRACs);
- Qualified disaster areas (QDAs); or 
- Governor-designated covered areas (GDAs).

QNMCs (modified in **bold**)

- Must not have been a metropolitan statistical area at the time of the most recent census
- Median household income is less than 80% of the **State median household income**, based on **a 5-year average of the available data*** from the Bureau of the Census of the Department of Commerce; or
- Unemployment rate is not less than 140% of the average unemployment rate for the United States or for the State in which such county is located, whichever is less, based on **a 5-year average of the available data** from the Secretary of Labor; or
- Difficult Development Area within Alaska, Hawaii, or any territory or possession of the United States outside the 48 contiguous States.

* Replaced “nonmetropolitan State median income” and changed to a 5-yr. average instead of the “most recent data available”



HUBZone Webinars (2018)

SBA Newsroom page:

<https://www.sba.gov/about-sba/sba-newsroom/press-releases-media-advisories/sba-presents-free-webinar-series-help-small-businesses-navigate-hubzone-program>

SBA YouTube channel:

<https://www.youtube.com/user/sba>



The screenshot shows the SBA website's navigation menu with 'Contracting' selected. The main content area features a 'HUBZone Program' section with a video thumbnail and text describing the program's purpose: 'The Historically Underutilized Business Zones (HUBZone) program helps small businesses in urban and rural communities gain preferential access to federal procurement opportunities.' Below this, there are several article teasers: 'Understanding the HUBZone Program', 'Applying for the HUBZone Program', 'Detecting Fraud, Waste, and Abuse', and 'Maintaining the HUBZone Certification'. A sidebar on the left lists various contracting topics, and a 'Recent Blogs About Contracting' section is visible on the right.

Map landing page

Understanding

- Mini-primers
 - Webinars
- ## Applying

- HUBZone primer
- Application Guide
- Size standards tool

FAQ

- Certification
- Application Timeline
- Supporting docs

Maintaining the certification

Protests

Detecting Fraud, Waste & Abuse

HUBZone Resources (cont'd)

- Local Assistance: <https://www.sba.gov/tools/local-assistance>
- HUBZone website: <http://www.sba.gov/hubzone> for the latest information, including call in instructions:
 - HUBZone Office Hours – eligibility conversations via a toll free number on Tuesdays and Thursdays from 2:00 to 3:00 p.m. ET
- Helpdesk at HUBZone@sba.gov

Questions

