

Fact Sheet:

Historically Underutilized Business Zone (HUBZone) Small Business

HUBZone Size Requirements

- To become certified as a HUBZone firm, the company must qualify as a small business under the firm's primary NAICS code.
- Once certified by the SBA, the HUBZone firm must qualify as a small business for the NAICS code on any solicitation on which the firm intends to bid.

HUBZone Eligibility Requirements

- Must be 51% unconditionally and directly owned and controlled by U.S. citizens.
- Must be a small business, both within its primary industry and for the size standard for a solicitation that is set-aside for HUBZone firms.
- Must have its principal office in a HUBZone.
- Must have at least 35% of its employees living in a HUBZone.

The Historically Underutilized Business Zone (HUBZone) Program

- HUBZones are areas of the country designated by the government as economically disadvantaged because of high unemployment, poverty, and other conditions.
- Some contracts are set-aside for competition among HUBZone firms exclusively, and others are sole-source.
- On unrestricted solicitations, HUBZone competitors may receive a *price evaluation preference*.

HUBZone Certification

- The SBA must certify a firm's HUBZone eligibility.
- To determine whether a business is located in a HUBZone, go to: www.map.sba.gov/hubzone/maps. Use this same link to determine whether the firm's employees live in a HUBZone.
- To apply for HUBZone certification, make an electronic application at: https://eweb1sp.sba.gov/hubzone/internet/imagesnew/button1001_in.gif
- Must re-certify every 3 years.
- Denied applicants have to wait a year to re-apply.

HUBZone Ownership

- HUBZone firms must be small businesses, unconditionally and directly owned by one or more U.S. citizens.
- While no formal guidelines exist, it would be wise to follow the standards applicable to SDVOSB firms.
- A company cannot own a HUBZone firm – it must be owned by a person or persons.
- There are no net worth or income restrictions.

(Download this fact sheet at: <https://contractingacademy.gatech.edu/teaching-your-clients-how-to-obtain-a-small-business-certification>)

HUBZone Control

- Since HUBZone firms must be small businesses unconditionally and directly controlled by one or more U.S. citizens, the U.S. citizens must be in charge of both long-term decision-making as well as day-to-day management operations.
- There are no requirements that address the owner(s) position held within the company or compensation, but these factors certainly should be taken into consideration if any non-citizens are active within the company.

HUBZone Office Location

- A firm's "principal" office must be located in a HUBZone to qualify.
 - Principal is defined by SBA as the location where most of the company's employees work.
 - Exception: If the firm is a construction company, construction workers can be excluded from the calculation.

HUBZone Employee Residency

- According to HUBZone guidelines, an employee is anyone who works 40 hours a week for the company.
- At least 35% of a HUBZone firm's employees must have lived in a HUBZone for at least 6 months (or if less than 6 months, employees must have registered to vote at their HUBZone residency location).
- The company is expected to provide proof of residency such as copies of driver's licenses or utility bills.

HUBZone Subcontracting

- Subcontracting limitations apply to HUBZone firms as other small businesses.
- One Exception: On service contracts, a HUBZone firm may subcontract more than 50% of the work to other HUBZone firms if the work performed by the HUBZone prime contractor and the HUBZone subcontractor(s) is at least 50% of the total job.

HUBZone Construction Subcontracting

- Not only must the HUBZone firm meet the 15% requirement for general construction or 25% for specialty construction.
- The HUBZone prime contractor also must ensure that at least 50% of the cost of the contract incurred for personnel be spent on employees from HUBZone companies (including the prime contractor).
- Waivers to this rule are permissible by the Contracting Officer.

HUBZone Assistance

- The SBA's HUBZone Office holds group information conference calls every Tuesday and Thursday from 2pm to 3pm EST.
- To access, dial 800-858-2144 and enter Access Code 3061773.
- Specific inquiries about an application status should be directed to hubzone@sba.gov in the case of a new application, or to an assigned analyst.

HUBZone Mentor-Protégé

See: <https://www.sba.gov/contracting/government-contracting-programs/all-small-mentor-protege-program/about-all-small-mentor-protege-program>.