



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, DC 20410-0001

February 1, 2023

MEMORANDUM FOR: Principal Staff

FROM: Marcia L. Fudge *Marcia L. Fudge*

SUBJECT: Fiscal Year 2023 Small Business Policy Statement

In the President's proclamation for November as *National Entrepreneurship Month*, he states: "Starting and owning a business has always been a key path to the American Dream — a way to build wealth, serve your neighbors, and leave a mark in a community and on the world." Small businesses are indeed the driving force in a thriving economy. As the largest consumer of goods and services in the world, the Federal Government has the power to advance equity through increased spending in underserved communities. Federal procurement serves as a powerful tool to support small business growth and build generational wealth throughout the country. As such, the President has committed to supporting small businesses, that have historically faced barriers, to resources and opportunities to grow.

While the nation continues to overcome challenges created by the COVID-19 pandemic, the Department of Housing and Urban Development (HUD) is committed to working with small businesses to reduce unnecessary barriers, attract new vendors, and ensure every small business wishing to do business with HUD is equipped with the necessary knowledge. Recognizing how important it is to provide small businesses with access to the Department, I made it a priority during my first week as HUD Secretary to speak to the business community in a vendor outreach program for women-owned small businesses. I want to thank all of you for your strong commitment in utilizing and providing opportunities to small businesses. Due to your efforts, HUD awarded approximately \$518 million in prime awards to small business concerns in Fiscal Year (FY) 2022 and exceeded all socioeconomic category goals. Especially noteworthy, HUD obligated 18.9 percent of contract spending to small disadvantaged businesses (SDBs) helping advance a Presidential priority.

This Administration has set a goal for the Federal government to increase contract spending for SDBs to 15 percent by 2025. This increase cements the Administration's Day One Executive Order which directs agencies to make contracting opportunities more readily available to all eligible and remove barriers faced by individuals in underserved communities. The Federal government already made important progress towards the President's vision. According to the Small Business Administration (SBA), agencies awarded a record \$62.4 billion to SDBs in FY 2021, totaling 11.01 percent of all contracting dollars and meeting the 11 percent aspirational

goal a year early. It is essential that HUD continues to take concrete steps to meet its small business goals for FY 2023 and help achieve these priorities.

To reinforce HUD’s commitment to maximizing contracting opportunities for small and disadvantaged businesses, HUD’s Equity Action Plan was developed in collaboration with representatives across the Department, to further amplify HUD’s commitment. This plan outlines strategies to support HUD’s efforts in sustaining, building, and retaining individual and community wealth by widening the base of small and local businesses in HUD’s procurements. Additionally, the attached *Small Business Policy Statement* defines how HUD will conduct contracting activities to maximize the participation of small businesses.

The SBA—with the advice and guidance of the Deputy Secretary, the Director of the Office of Small and Disadvantaged Business Utilization, the Office of the Assistant Secretary for Administration, and the Chief Procurement Officer—has set small business contracting goals for HUD in Fiscal Year (FY) 2023 as follows:

FY 2023 Small Business Prime Contract Goals

Small Businesses	20.00%
Small Disadvantaged Businesses (SDB)	18.90%
Women-Owned Small Businesses (WOSB)	5.00%
Historically Underutilized Business Zone (HUBZone) Businesses	3.00%
Service-Disabled Veteran-Owned Small Businesses (SDVOSB)	3.00%

FY 2023 Small Business Subcontracting Goals

Small Businesses	28.00%
Small Disadvantaged Businesses (SDB)	5.00%
Women-Owned Small Businesses (WOSB)	5.00%
Historically Underutilized Business Zone (HUBZone) Businesses	3.00%
Service-Disabled Veteran-Owned Small Businesses (SDVOSB)	3.00%

HUD recognizes utilizing small and socioeconomic small businesses and creating opportunities for sustainable entrepreneurship contributes to building and retaining individual and community wealth. It is important to me to ensure we are doing everything we can to help small and disadvantaged businesses. Small business contracting cannot overshadow the necessity for strong contract performance and management. It is imperative that all HUD program offices closely monitor contractor performance, for both small and large businesses, and perform timely contract close-out responsibilities in order to provide a solid foundation for continued contract success while meeting the business needs of the Department.

Attachment

Small Business Policy

It is the policy of the U.S. Department of Housing and Urban Development (HUD) to ensure nondiscrimination in Federal procurement opportunities for small businesses and especially those small businesses owned by the disadvantaged (Small Disadvantaged Businesses (SDB)), women (Women-Owned Small Businesses (WOSB)), service-disabled veterans (Service-Disabled Veteran-Owned Small Businesses (SDVOSB)), located in Historically Underutilized Business Zones (HUBZone), or that are part of the 8(a) Business Development Program (8(a)). It is HUD policy to take affirmative steps to ensure inclusion of these businesses in HUD contracting. The Department recognizes that these businesses are of vital importance to job growth and the economic strength of the country and that they have faced historic exclusion and underutilization in Federal procurement. A successful and strong business community is an integral component of the Department's overall mission of job creation, community empowerment, and economic revitalization.

Since implementation of this policy requires the close cooperation of all facets of the Department, I have designated the Deputy Secretary as the senior individual responsible for ensuring the policy's overall implementation. Within the overall policy implementation, the Director of the Office of Small and Disadvantaged Business Utilization (OSDBU) remains responsible for small business programs and the Office of the Chief Procurement Officer (OCPO), with direction and guidance from the Office of the Assistant Secretary for Administration (OASA), continues to be responsible for maintaining the integrity of the Department's procurement programs. Individual Assistant Secretaries, the President of the Government National Mortgage Association, the Chief Information Officer, and the Chief Financial Officer (hereafter referred to as Primary Organization Head), as prescribed by regulation and policy, have direct responsibility for taking affirmative steps to include small businesses in acquisition actions within their purview (including all of the small business socioeconomic contracting programs: 8(a), HUBZone, WOSB, and SDVOSB), so that the Department can meet its overall goals of awarding a reasonable percentage of HUD contract dollars to small business concerns.

To fully implement the Small Business Policy, I am directing that the following actions be taken:


1. The OSDBU, with the direct support of each Primary Organization Head (POH), shall set high goals for contracting with small businesses and all socioeconomic programs. It is the goal of the Department to consistently achieve or possibly exceed the fiscal year's prime and subcontracting small business goals. The OSDBU Director, in collaboration with the Chief Procurement Officer (CPO), shall develop the Department's small business goal submission to the Small Business Administration (SBA). While the OSDBU is responsible for small business advocacy, the CPO and each POH are jointly responsible for the achievement of the small business program goals. On a quarterly basis, the OSDBU shall report to the Deputy Secretary and each POH on progress in the Department and individual program offices in achieving their small business contracting goals.

2. Within the first quarter of each fiscal year, the OSDBU, using the approved Annual Strategic Acquisition Plans, which include identified opportunities for small business concerns and socioeconomic programs, shall publish and post on the HUD website an Annual Procurement Forecast (Forecast). The Forecast is a major vehicle for ensuring maximum inclusion of the small business community in the HUD procurement process. Staff designated by the CPO and each POH shall share responsibility for informing the OSDBU on changes in anticipated contract actions so that the Forecast can be updated and remain accurate and current.
3. The OSDBU shall use available online resources to post and/or electronically notify small businesses, SDBs, 8(a)s, HUBZones, WOSBs, and SDVOSBs to keep them informed of small business activities at HUD.
4. The OSDBU shall review all requests for contract services to ensure maximum small business participation. These reviews are normally completed within three business days of receipt, to the maximum extent practicable.
5. The OSDBU shall conduct outreach to the small business community by actively participating in national conferences and trade fairs to disseminate information on conducting business with HUD. Specific areas where small businesses, SDB, HUBZone, WOSB, and SDVOSB contracting is underrepresented shall be targeted.
6. To increase outreach to small businesses, each POH with more than \$5 million in new acquisitions planned for the fiscal year, either individually or in concert, shall sponsor an annual event (*e.g.*, forecast of contracting opportunities preview, Business-to-Business networking event) at which small businesses have an opportunity to learn more about program initiatives, discuss contracting and subcontracting opportunities, and network with the Department's decision makers and prime contractors to allow small business concerns the opportunity to meet and discuss their qualifications. The OSDBU and OCPO will provide support for these endeavors.
7. For their respective organizations, each POH shall designate one or more marketing contacts for their office. The marketing contacts will meet with small business representatives referred by the OSDBU or OCPO to discuss procurement opportunities and participate in HUD-sponsored small business events. These contacts shall be listed as the primary point of contact for the program office's procurement opportunities listed on the Forecast and shall be responsive to inquiries from potential vendors interested in various opportunities.
8. For OCPO staff and program staff involved in procurement activities, the OSDBU shall provide annual training on the socioeconomic programs. The OSDBU may also conduct training classes for representatives of small business to assist them in understanding HUD programs and procurement opportunities. For the Department's small business prime and subcontractors, the OSDBU will also provide additional

assistance to identify education and training resources to aid in contract regulation compliance.

9. In order to increase contracting opportunities for small businesses and the small business socioeconomic contracting programs, when conducting market research and developing acquisition strategies, program offices and OCPO shall make maximum use of set-asides and non-competitive procurements as prescribed by the Federal Acquisition Regulation (FAR) and HUD policy. This shall apply to open market procurements, orders placed under other agency vehicles (e.g., GSA Schedules), and in complying with Government-wide initiatives to purchase using strategic sourcing, shared services, and other best-in-class vehicles whenever possible. OCPO shall include all appropriate FAR language in its solicitations and ensure that the authorized price evaluation programs are used to the maximum extent permitted by law. If the socioeconomic programs or small business set-asides are not used to identify small business opportunities to achieve HUD's small business goals, socioeconomic participation should be a primary evaluation factor. The CPO and the OSDBU Director shall ensure proper coordination with the SBA Procurement Center Representative (PCR) occurs when small business set-asides are not recommended.
10. The program offices must understand the negative impact that contract bundling can have on small businesses and, therefore, should use procurement strategies that would not unreasonably restrict small business opportunities. Any attempt to bundle procurement opportunities shall be fully justified, in accordance with the FAR, and the Deputy Secretary is the agency approving authority. The CPO and the OSDBU Director shall ensure proper coordination with the SBA PCR and that public notice requirements are fulfilled.
11. The OCPO shall ensure that solicitation documents contain all required Federal acquisition language for subcontracting. In coordination with the OCPO and applicable program office staff, the OSDBU will review all subcontracting plans to ensure that the plan provides maximum practicable opportunity for small business concerns to participate in the performance of the contract. The specificity of the plan will be evaluated relative to the identification of the small businesses to be utilized, the extent of the contractual commitment between the prime and the subcontractor, and the Department's subcontracting goals. The OSDBU will also assist with the coordination with SBA and the PCR to ensure compliance with the small business subcontracting program requirements.
12. To ensure that the maximum use of small businesses, SDBs, HUBZones, WOSBs, and SDVOSBs as subcontractors is promoted, the OCPO shall, to the maximum extent practicable, include a source selection evaluation factor related to their participation in HUD solicitations. Proposals shall be evaluated in terms of the total value of the proposed subcontracting effort, as it relates to the total value of the prospective contract, and the meaningfulness and substantiveness of the work to be performed.

13. The OSDBU, in accordance with 15 U.S.C. § 644(k), will review and advise on any decision to convert an activity performed by a small business concern to an activity performed by a Federal employee.
14. To ensure proper reporting to the Federal Procurement Data System-Next Generation, on a quarterly basis the OSDBU will be provided summary purchase card data of purchases greater than the micro-purchase threshold and less than the simplified acquisition threshold.
15. Any unsolicited proposals received by the OSDBU will be forwarded in accordance with HUD's Acquisition Regulations (HUDAR).
16. The OSDBU shall assist small business concerns to obtain payments, late payment interest penalties, or information due to such concerns from the Department or a contractor.
17. The OSDBU, when notified by a small business concern (prior to the award) of an unduly restrictive solicitation, request for proposal, or request for quotation, will follow the specific actions in 15 U.S.C. § 644(k), to include informing the small business concern of other resources and processes to address unduly restrictive provisions, even if such resources and processes are provided by such agency, the Administration, the Comptroller General, or a procurement technical assistance program established under chapter 142 of Title 10 U.S.C. The allegation that a solicitation, request for proposal, or request for quotations is unduly restrictive is possibly an agency-level protest. Therefore, the OSDBU will coordinate with OCPO in complying with policies and procedures for agency-level protests (see FAR Part 33 and HUDAR Part 2433).
18. The OSDBU, in accordance with the National Defense Authorization Act for Fiscal Year 2020, shall consult with the appropriate personnel from the relevant Federal agency to assist small business concerns participating in a Small Business Innovation Research (SBIR) or Small Business Technology Transfer (STTR) program with researching applicable solicitations for the award of a Federal contract (particularly with the Federal agency that has a SBIR/STTR funding agreement with the concern) to market the research developed by such concern under the SBIR or STTR program.



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2/1/2023
Date