



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

December 15, 2020

MEMORANDUM FOR: Principal Staff

FROM: Benjamin S. Carson, Sr.

SUBJECT: Fiscal Year 2021 Small Business Policy Statement

The Federal Acquisition Regulation requires implementation of small business programs that increase opportunities for competition and participation in acquisitions by small business concerns, providing our Nation's small businesses with maximum practicable opportunities to participate in Federal contracting. The Department embraces these objectives. A successful and strong business community is an integral component of HUD's overall mission of job creation, community empowerment, and economic revitalization. The attached Small Business Policy Statement defines how HUD will conduct contracting activities to maximize the participation of small businesses.

The Small Business Administration (SBA)—with the advice and guidance of HUD's Deputy Secretary, the Director of the Office of Small and Disadvantaged Business Utilization, the Office of the Assistant Secretary for Administration, and the Office of the Chief Procurement Officer—has set small business contracting goals for the Department in Fiscal Year (FY) 2021 as follows:

FY 2021 Small Business Prime Contract Goals

Small Businesses	5%
Small Disadvantaged Businesses	5%
Women-Owned Small Businesses	5%
Historically Underutilized Business Zone Businesses	3%
Service-Disabled Veteran-Owned Small Businesses	3%

FY 2021 Small Business Subcontracting Goals

Small Businesses	35%
Small Disadvantaged Businesses	5%
Women-Owned Small Businesses	5%
Historically Underutilized Business Zone Businesses	3%
Service-Disabled Veteran-Owned Small Businesses	3%

FY 2020 posed many different challenges of its own. The Department continued to award a significant portion of its contract dollars to small business concerns and worked to clear findings of outstanding de-obligations from prior years.

Due to a significant amount of de-obligations, small business accomplishments, upon initial review, are concerning. However, when viewed in light of the prime contract awards, FY 2020 was another successful year. Accomplishments from FY 2020 include the following:

- HUD's small business prime contract award obligations (excluding de-obligations from prior years) amounted to approximately 31.43 percent of all awards.
- HUD awarded significant percentages in all of the socioeconomic categories (excluding de-obligations): Small Disadvantaged Businesses, Service-Disabled Veteran-Owned Small Businesses, Women-Owned Small Businesses, and Historically Underutilized Business Zones.
- High grades in administration of small business programs were received from SBA, earning the Department's eighth consecutive A/A+ rating in FY 2019.

It is essential that HUD continues to take concrete steps to meet its goals for FY 2021. One such goal concerns America's 8,764 Opportunity Zones. As HUD is the lead agency on the White House Opportunity and Revitalization Council, all program offices help set an example for agencies across the Federal Government on this important secretarial priority. HUD has taken numerous actions to align existing resources with Opportunity Zones. For example, HUD launched an Opportunity Zones procurement pilot that will run through December 31, 2020. This pilot gives preference in solicitations to small businesses whose principal offices are located in an Opportunity Zone and applies to procurement at or below the Simplified Acquisition Threshold (SAT), currently \$250,000. Once the procurement pilot is concluded, HUD will review the results and determine the next steps. However, the importance of the small business and Opportunity Zones goals cannot overshadow the necessity of strong contract performance. It is imperative that all HUD program offices closely monitor contractor performance for both small and large businesses to provide a solid foundation for continued contract success while meeting the business needs of the Department.

Small Business Policy

It is the policy of the U.S. Department of Housing and Urban Development 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)), and 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. 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 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, 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 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 small business program goals. On a quarterly basis, the OSDBU shall report to the Deputy Secretary and each POH on the Department and individual program office's progress in achieving small business contracting goals.

2. Within the first quarter of each fiscal year, the OSDBU, using 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 (3) 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 decisionmakers 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 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. To increase contracting opportunities for small businesses and 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. 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 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, 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).
17. 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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1/4/21
Date