

# GUIDANCE ON MBE/WBE OUTREACH

## I. Minimum Acceptable Outreach Standards

Section 281 of the National Affordable Housing Act requires each participating jurisdiction to prescribe procedures acceptable to the Secretary to establish and oversee a minority outreach program. The program shall include minority and woman-owned businesses in all contracting activities entered into by the participating jurisdiction to facilitate the provision of affordable housing authorized under this Act or any other federal housing law applicable to such jurisdiction. Therefore, minimum HUD standards require that each participating jurisdiction's outreach effort to minority and women-owned businesses be:

- A good faith, comprehensive and continuing endeavor;
- Supported by a statement of public policy and commitment published in the print media of widest local circulation;
- Supported by an office and/or a key, ranking staff person with oversight responsibilities and access to the chief elected official; and
- Designed to utilize all available and appropriate public and private sector local resources.

## II. Guidelines for a Minority/Women Business Outreach Program

Under the minimum HUD standards cited above, the following guidelines are provided for use by participating jurisdictions in implementing outreach programs to ensure the inclusion, to the maximum extent possible, of entities owned by minorities and women. Each participating jurisdiction should:

- Develop a systematic method for identifying and maintaining an inventory of certified minority and women's business enterprises (MBEs and WBEs), their capabilities, services, supplies and/or products;
- Utilize the local media, electronic and print, to market and promote contract and business opportunities for MBEs and WBEs;
- Develop informational and documentary materials (fact sheets, program guides, procurement forecasts, etc.) on contract/subcontract opportunities for MBEs and WBEs;
- Develop procurement procedures that facilitate opportunities for MBEs and WBEs to participate as vendors and suppliers of goods and services;
- Sponsor business opportunity-related meetings, conferences, seminars, etc., with minority and women business organizations; and
- Maintain centralized records with statistical data on the utilization and participation of MBEs and WBEs as contractors/subcontractors in all HUD-assisted program contracting activities.

Each participating jurisdiction, utilizing the standards and guidelines listed above, shall prescribe procedures and actions it will undertake in implementing a minority and women's business enterprise outreach program. The above items represent basic outreach-related activities and are not all-inclusive actions a participating jurisdiction may undertake.

## **GUIDANCE ON SECTION 3**

**(Refer to 24 CFR Part 135 for complete information)**

### **WHAT IS SECTION 3?**

Section 3 of the Housing and Urban Development Act of 1968 (Section 3), as amended by the Section 915 of the Housing and Community Development Act of 1992, requires that economic opportunities generated by HUD financial assistance for housing and community development programs be targeted toward low- and very low-income persons. In effect, this means:

- ❑ Whenever HUD assistance generates opportunities for employment or contracting, Public and Indian Housing Authorities, state and local grantees, and other recipients of HUD housing assistance funds must, to the greatest extent feasible, provide these opportunities to low- and very low-income persons and to businesses owned by or employing low- and very low-income persons.
- ❑ The Section 3 requirements apply to job training, employment, contracting and subcontracting and other economic opportunities arising from assistance provided for construction, reconstruction, conversion, or rehabilitation (including lead-based paint hazard reduction and abatement) of housing, other buildings, or improvements assisted with housing or community development assistance, including HOME.
- ❑ Section 3 applies to:
  - projects for which HUD's share of project costs exceeds \$200,000; and
  - contracts and subcontracts awarded on projects for which HUD's share or project costs exceeds \$200,000, and the contract or subcontract exceeds \$100,000.
- ❑ Recipients whose projects do not fall under Section 3 are nonetheless encouraged to comply with the Section 3 preference requirements.
- ❑ Recipients and their contractors and subcontractors must show preferences for giving training and employment opportunities to low-income persons, to the greatest extent feasible. They should show priority considerations for hiring low-income persons as follows:
  - (1) Low-income persons residing in the service area or neighborhood in which the project is located.
  - (2) Participants in HUD Youthbuild programs.
  - (3) If project is assisted under the McKinney Act, homeless persons in the project area of the project.
  - (4) Other Section 3 residents.

Again, the persons hired should be qualified to perform the work required.

- ❑ Recipients and their contractors and subcontractors must direct their efforts to award Section 3 business concerns, to the greatest extent feasible, to Section 3 business concerns in the following preference order:
  - (1) Section 3 businesses that operate in the project area.

(2) Entities that carry out Youthbuild programs.

(3) Other Section 3 business concerns.

The business must be able to demonstrate that it can successfully perform under the terms and conditions of the proposed contract. In addition, these requirements do not restrict competition to only businesses meeting one of the priorities, nor do they authorize set-asides.

## **COMPLIANCE AND RECORDKEEPING**

- Numerical goals for meeting the greatest extent feasible requirement:
  - For training and employment opportunities resulting from Section 3-covered housing assistance, a commitment to employ 10% of the aggregate number of new hires each year over the duration of the Section 3 project.
  - For training and employment opportunities resulting from Section 3-covered community development assistance, a commitment to employ 30% of the aggregate number of new hires for a one-year period.
  - For contracts awarded in connection with Section 3-covered projects, a commitment to award at least 10% of the total dollar amount of contracts for building trades work and at least 30% of the total dollar amount of all other Section 3-covered contracts.
- All recipients of assistance must:
  - Amend their employment and procurement policies to comply with Section 3.
  - Include the Section 3 clause in covered contracts and subcontracts.
  - Document their best efforts to comply with Section 3 and their success at hiring low-income persons.
  - Monitor their own compliance and the compliance of their contractors and subcontractors.
  - Provide annual reports to the Assistant Secretary for Fair Housing and Equal Opportunity as requested.
- Recipients must maintain the following records:
  - The good faith efforts made to make low-income persons aware of the positions, and to encourage and facilitate their application.
  - The number and dollar value of all contracts awarded to businesses and, in particular, Section 3 businesses during the fiscal year.
  - A description of the best efforts made to award contracts to Section 3 businesses.
  - The mechanisms by which they ensured that contractors and subcontractors complied with the Section 3 preferences for training, employment, and contract awarding.
- The Assistant Secretary for Fair Housing and Equal Opportunity will conduct periodic compliance reviews.