

**HANH SUBCONTRACTING GOALS  
FOR  
SECTION 3 – MINORITY BUSINESS – WOMEN BUSINESS CONCERNS**

**Assistance To Small Businesses, MBE/WBE Business Concerns:**

Consistent with Section 3 of the HUD Act of 1968 and 24 CFR 135, HANH shall make efforts to ensure that small and minority-owned businesses enterprises, women's business enterprises, labor surplus area businesses, and individuals or firms owned in substantial part by persons of low and very low income are used when possible. Such efforts shall include, but shall not be limited to:

1. Including such firms, when qualified, on solicitation mailing lists.
2. Encouraging their participation through direct solicitation of bids or proposals whenever they are potential sources.
3. Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms.
4. Establishing delivery schedules, where the requirement permits, which encourage participation by such firms.
5. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce.
6. Including in contracts a clause requiring contractors, to the greatest extent feasible, to provide opportunities for training and employment for lower income residents of the project area and to award subcontracts for work in connection with the project to business concerns which are or owned in substantial part by section 3 persons, as described in 24 CFR 135.
7. Requiring prime contractors, when subcontracting is anticipated, to take the positive steps listed above.
8. Allowing preference percentages up to 10% depending on the contract amount for Section 3 businesses.
9. Goals may be established by HANH periodically for participation by small businesses, minority-owned businesses enterprises, women's business enterprises, labor surplus area businesses, and business concerns which are owned in substantial part by persons of low or very low income, in HANH's prime contracts and subcontracting opportunities.

**Definitions**

1. A small business is defined as a business which is:
  - a. Independently owned.
  - b. Not dominant in its field of operation.
  - c. Not an affiliate or subsidiary of a business dominant in its field of operation. The size standards in 13 CFR 121 shall be used, unless the PHA determines that their use is inappropriate.
2. A minority-owned business is defined as a business which is at least 51% owned by one or more minority group members; or, in the case of a publicly-owned business, one in which at least 51% of its voting stock is owned by one or more minority group members, and whose management and daily business operations are controlled by one or more such individuals. Minority group members include, but are not limited to Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans and Asian Indian Americans, and Hasidic Jewish Americans.

3. A women's business enterprise is defined as a business that is at least 51% owned by a woman or women who are U.S. citizens and who also control or operate the business.
4. A labor surplus area business is defined as a business which, together with its immediate subcontractors, will incur more than 50% of the cost of performing the contract in an area of concentrated unemployment or underemployment, as defined by the U.S. Department of Labor in 20 CFR 654, Subpart A, and in lists of labor surplus areas published by the Employment and Training Administration.
5. A business concern *located* in the area of a project is defined as an individual or firm (i) located within the relevant Section 3 project area, as determined by 24 CFR 135.5, (ii) listed on HUD's registry of eligible business concerns and (iii) meeting the definition of a small business contained herein.
6. A business concern *owned* in substantial part by persons residing in the area of project is defined as a business concern that:
  - a. That is 51% or more owned by section 3 residents; or
  - b. Whose permanent, full-time employees include persons, at least 30% of whom are currently section 3 residents, or within 3 years of the date of first employment with the business concern were section 3 residents; or
  - c. That provides evidence of a commitment to subcontract in excess of 25% of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in (a) or (b) above.

### **Resident-Owned Business**

HANH will, whenever feasible, limit the procurement to Resident Owned Businesses only. The purpose of this is to enhance the economic opportunities of public housing residents. This alternative procurement method will be open to all resident-owned businesses meeting the following requirements.

1. The Resident Owned Business must be legally formed and shall submit certified copies of any State, county, or municipal licenses.
2. The business must be at least 51% owned by one or more public housing residents and the management and daily business operations are controlled by a public housing resident.
3. The business shall submit a certificate of resident-ownership disclosing all owners and percentage of each owner. The business must also list all nonpublic housing owners and their relationship to the public housing residents. The certificate must also show all individuals who have the power to make day-to-day decisions.
4. The business must demonstrate that it has the ability to perform successfully under the terms and conditions of the contract.
5. The business must list all contracts awarded and their dollar amount. A Resident Owned Business is not eligible to participate in this program if their combined contracts exceed \$1,000,000.

### **Method of Procurement**

In contracting with Resident Owned Businesses, HANH shall follow the applicable method of procurement as set forth in its procurement policy and 24 CFR 85.36, with solicitation limited to Resident Owned Businesses.

### **Contract Awards**

Contracts awarded under the Resident Owned Business Alternate Procurement Process will be awarded to Resident Owned Businesses meeting all the requirements stated above to the satisfaction of HANH. The contract will not be awarded if it exceeds by more than 10% the independent cost estimate required by this policy and 24

CFR 85.36 and the price normally paid for comparable supplies, services, or construction in the project area.

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Contract Requirements

Any contract entered into between HANH and a Resident Owned Business under this alternative procurement shall comply with the contract provisions of 24 CFR 85.36 (i.h), 24 CFR 968.240 (d) or 24 CFR 968.335 (c)(1) governing bonding requirements.