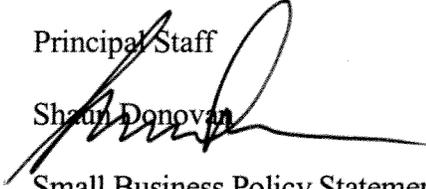




**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
THE SECRETARY**

WASHINGTON, DC 20410-0001

MAR 23 2012

MEMORANDUM FOR: Principal Staff  
FROM:  Shaun Donovan  
SUBJECT: Small Business Policy Statement

The President has called for transparency in federal contracting, more competition in the acquisition process, and providing our Nation's small businesses with maximum practicable opportunities to participate in federal contracting. This Department embraces these presidential objectives. 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 the Deputy Secretary and the Chief Procurement Officer, has set small business contracting goals for the Department in Fiscal Years (FYs) 2012 and 2013, as follows:

**FY 2012/2013 Small Business Prime Contract Goals**

Small Business	37%
8(a)	5%
Total Small Disadvantaged Businesses (SDB)	5%
Women-Owned Small Businesses (WOSB)	5%
HUBZone Businesses	3%
Service-Disabled Veteran-Owned Small Businesses (SDVOSB)	3%

**FY 2012/2013 Small Business Subcontracting Goals**

Small Businesses	55%
Small Disadvantaged Businesses (SDB)	5%
Women-Owned Small Businesses (WOSB)	5%
HUBZone Businesses	3%
Service-Disabled Veteran-Owned Small Businesses (SDVOSB)	3%

In FY 2010, the Department's goal was 57 percent of our contracting dollars to be awarded to small businesses as prime contractors. However, only 28 percent of this goal was achieved. The Department's subcontracting goal of 68 percent was missed as well, with only 51.5 percent of subcontracts going to small businesses. The Department is still reconciling the FY 2011 procurement data, and its official FY 2011 small business achievements will be released later this year. It is critical for the Department to take concrete steps to meet the goals

in FY 2012 and FY 2013. For FY 2012, based on the program offices' strategic procurement plans and to demonstrate HUD's commitment to this presidential priority, I have set the collective **departmental goal at 50 percent of contract dollars going to small businesses**. This is the annual goal that the Department should strive to attain.

Procurement planning early in the year enables program offices to consider and use small businesses to the best advantage in meeting our goals. It is also imperative that the program offices provide information and frequent updates to the Forecast of Contracting Opportunities, as well as participate in outreach meetings with small businesses.

With your support and attention to opportunities for small business contractors, the Department will be able to meet its goals and support the growth of our Nation's economy.

Attachment



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**Small Business Policy**

It is the policy of the Department of Housing and Urban Development to ensure participation in federal procurement opportunities for small businesses and especially those small businesses owned by the disadvantaged (SDB), women (WOSB), and service-disabled veterans (SDVOSB), and those 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 the overall policy implementation, the Director of the Office of Small and Disadvantaged Business Utilization (OSDBU) remains responsible for small business programs and the Chief Procurement Officer (CPO) continues to be responsible for maintaining the integrity of the Department's procurement programs. Individual Assistant Secretaries, the Chief Information Officer (CIO), and all components of the Department have direct responsibility for taking affirmative steps to include small businesses in all the preference categories specified and in the procurement actions within their purview, so that the Department can meet its overall goal, as established by the Small Business Administration, of awarding a reasonable percentage of HUD contracts to small businesses.

Program Areas

To ensure maximum participation in the Department's procurements, the program areas must prepare strategic annual procurement plans that will be based on adequate market research and the maximum practicable use of small businesses in the categories defined by the Small Business Act.

Assistant Secretaries, for their respective organizations, shall designate one or more marketing contacts on their staff. The marketing contacts will meet with small business

representatives referred by OSDDBU, the CPO, or others to discuss procurement opportunities and participate in HUD-sponsored small business events.

Program offices are required to identify contract opportunities for small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, women-owned small business, or small disadvantaged business contractors. If set-aside preferences or programs are not used to identify small business opportunities to achieve HUD's small business goals, then socioeconomic status should be a primary evaluation factor.

The program offices 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.

#### Office of Small and Disadvantaged Business Utilization

OSDBU will conduct an aggressive 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 minority- and women-owned business contracting are underrepresented shall be targeted.

OSDBU, with the active participation of the CPO, Office of the Chief Information Officer (OCIO), and program offices, shall publish an Annual Procurement Forecast (Forecast) and post it on the HUD website. The Forecast is a major vehicle for ensuring inclusion of the small business community in the HUD procurement process. The CIO, CPO, and staff designated by the Assistant Secretaries shall share responsibility for informing OSDBU on changes in anticipated contract actions so that the Forecast can be updated and remain accurate.

#### Office of the Chief Procurement Officer

To increase contracting opportunities for small business procurement preference groups, the Office of the Chief Procurement Officer (OCPO) will make maximum use of set-asides and noncompetitive procurements as authorized by the Federal Acquisition Regulation (FAR), include all appropriate FAR language in its solicitations, and ensure that the price evaluation programs are used to the maximum extent permitted by law.

OCPO will ensure that solicitation documents contain all required FAR language for subcontracting and specify that the Subcontracting Plan meet, at a minimum, the Federal Preference Program Subcontracting Goals. OCPO, OSDBU, and either OCIO or staff of the cognizant program area will review upcoming procurements to determine which solicitations should specify higher small business subcontracting goals.

To promote the maximum use of SDBs as subcontractors, OCPO shall, to the maximum extent practicable, include a source selection evaluation factor related to SDB 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. The specificity of the Subcontracting Plan will be evaluated relative to the identification of the small businesses to be utilized and the extent of the contractual commitment between the prime and the subcontractor.

The Department understands the negative impact contract bundling can have on small businesses. The OCPO shall use procurement strategies to avoid bundling of contracts that would otherwise unreasonably restrict small business concerns.

#### Departmental Goals

The Small Business Administration (SBA) sets goals for contracting, as well as subcontracting, for each federal department and agency for a 2-year period. The goals can be found at <http://www.hud.gov/offices/osdbu/policy/goals.cfm>.