



U.S. Department of Housing and Urban Development

Los Angeles Field Office, Region IX
611 W. 6th Street, Suite 1100
Los Angeles, CA 90017

HUD
Office of Community Planning and Development

Information Bulletin
Issue No. CPD-2010-005
Date: November 30, 2009

MEMORANDUM FOR: All Consolidated Plan Coordinators

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FROM: William Vasquez, Director, Office of Community Planning and Development, 9DD

SUBJECT: Minority Business Enterprise Contract and Subcontract Activity
Report HUD-2516 and Section 3 Reporting
Due Date: December 30, 2009

The Department of Housing and Urban Development (HUD) is committed to supporting minority business growth and development. By acknowledging our grantees' support of minority business enterprises, we can recognize the importance of a growing number of successful minority entrepreneurs. The Office of Community Planning and Development (CPD) provides data on the amount of minority contracting entered into by grantees to HUD's Office of Small and Disadvantaged Business Utilization (OSDBU). OSDBU consolidates the data on a Department-wide basis for submission to the Minority Business Development Agency of the Department of Commerce. In addition, this information has been valuable to OSDBU when responding to Congressional and interest group inquiries.

I. Minority Business Enterprise (MBE) Reporting

Community Planning and Development activities to be reported include public works, economic development, affordable housing, and special needs assistance. Grantees are required to report contract and subcontract activities of \$10,000 or more on the HUD 2516 form. Contracts/subcontracts of less than \$10,000 may be reported only if it represents a significant portion of the grantee's total contracting activity.

The report must cover contracts executed during the recently completed Federal Fiscal Year (October 1, 2008 – September 30, 2009). This report summarizes the racial/ethnic codes, racial/ethnic categories, contract amount and number of contractors identified in the HUD-2516 form. If there has been no contract activity during the reporting period, please submit a negative summary report. This report is required to be completed and submitted to the our Office by December 30, 2009.

Grantees are advised to access the form from the website cited, copy and save the form to their hard drives, complete data input, and then submit the completed forms via e-mail or mail to their local HUD Field Office.

The HUD form 2516 is in excel format to assist grantees in providing accurate calculations of their accomplishments.

<http://www.hud.gov/offices/osdbu/forms.cfm>

Please be aware of the following when completing the HUD 2516 form:

Column 7a – Grantees should use the applicable CPD grant number based on which program year’s funds were expended. Grantees are erroneously using all types of numbers like the IDIS project number, FHA or PIH grant numbers, etc.

Column 7b - Grantee should only report the part of the contract amount that reflects CPD funds.

Column 7c - There are only three options to choose from for this category (i.e., education training, new construction and other). The “other” categories include: supply, professional services, rehabilitation, Architectural/ Engineering, and all other activities except construction and educational/training activities.

Column 7d - OMB changed its racial and ethnic categories. In effect, grantees had to collect race *and* ethnic data for Hispanic persons. HUD 2516 does not appear to be updated to reflect the new OMB requirements. The form as it is asks for either race *or* ethnic, but not race *and* ethnic data.

The Office of Small and Disadvantaged Business Utilization has not yet revised form 2516 to reflect racial and ethnic categories. Therefore, grantees must select one of the options provided.

Grantees are reminded that 24CFR Part 85.36 (e) (1) Contracting with small and minority firms, Women’s business enterprise and labor surplus area firms states that: The grantee and sub-grantee will take all necessary affirmative steps to assure that minority firms, women's business enterprises, and labor surplus area firms are used when possible, and affirmative steps shall include:

1. Placing qualified small and minority business enterprises on solicitation lists;
2. Assuring that small and minority businesses are solicited whenever they are potential sources;
3. Dividing total requirements, when economically feasible into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises;

4. Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises.
5. Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce; and
6. Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in paragraph e (2) (i) through (v) of this section.

The completed HUD form 2516 and Summary Report should be submitted to the attention of:

Frank.Caballero@hud.gov or

U.S. Department of Housing and Urban Development
Los Angeles Field Office
ATTN: Frank G. Caballero, Senior Financial Analyst,
Office of Community Planning and Development, 9DD
611 W. Sixth Street, Suite 1000
Los Angeles, CA 90017-3127
Phone 1-213-534-2559

II. Section 3. Employment and Business Opportunity for Low Income Persons-Reporting requirements.

Section 3 contract reports are required when a grantee's project exceeds \$200,000 and a prime or subcontract exceeds \$100,000. Both thresholds have to be met for the same project. These requirements are in accordance with 24CFR Part 135.3. Grantees using HUD-2516 form to report Section 3 contract data must also use Part I of form HUD-60002, Section 3 Summary Report, for reporting employment and training opportunities data. The Section 3 Summary Report System is an online system designed to simplify the submission of form HUD-60002.

The web site is <http://www.hud.gov/offices/fheo/section3/section3.cfm>

If you do not have access to the Internet or are using a browser other than Netscape 4.x or higher, then a hardcopy of the completed form HUD-60002 must be submitted to HUD Washington D.C. via FAX to 202-708-1286. If you have questions regarding the submission of the Section 3 Summary Report, please contact Anna Gutierrez, Program Compliance, Office of Fair Housing and Equal Opportunity at (213) 534-2594.

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