

PORTLAND HOUSING BUREAU

BUSINESS AND WORKFORCE EQUITY POLICY

The mission of the Portland Housing Bureau is *to focus community resources on the unmet housing needs of the people of Portland*. Inherent in pursuing this mission is an obligation to understand and address root causes of poverty and housing instability. In Portland, it is well understood that instances of poverty and housing instability are more entrenched for communities of color than for white individuals and families. The reasons for these disparities are complex but can largely be traced to our local and national history of discrimination and bias in government and society in general. PHB recognizes this history, and our community's current-day disparities, and has committed itself to pursuing an equity agenda that can reverse negative trends.¹

As we work toward eliminating housing barriers of all kinds, we also must address current-day disparities in access to the resources, programs and opportunities experienced by communities of color. With our charge to invest public resources in the creation and preservation of affordable housing, we have a critical opportunity to make that investment work to increase jobs and economic opportunity in communities that are disproportionately impacted by poverty and lack of access to resources and opportunities.

The Bureau's new three-year Strategic Plan and Statement on Social Equity and Justice outlines the ways in which PHB will adopt an equity lens when setting production and outcome goals, investing resources, developing policies and plans, and engaging members of the community. This [Business and Workforce Equity Policy](#) represents a key component of our equity agenda, and is intended to focus investments and deliver business and job opportunities to traditionally under-represented communities, especially communities of color. PHB wishes to explicitly link its housing objectives to the larger forces that impact poverty in under-served communities, and believes that an intentional focus and honest community engagement can deliver greater impact.

Leadership Commitment

The Portland Housing Bureau is committed to taking positive steps toward integrating equity into our operations and processes. PHB leadership provides clear and strong commitment to the equity agenda in general, and this **Business and Workforce Equity Policy** in particular. Housing Commissioner Nick Fish and Bureau Director Margaret Van Vliet are personally focused on the values and strategies articulated here. Commissioner Nick Fish oversees the Disparity Study (see more discussion in "Framework" section) and a PHB staff member serves as the construction contracting expert on the Disparity Study Review Committee. Director Margaret Van Vliet will continue direct engagement in overseeing efforts and listening to community partners to gauge success and understand opportunities for improvement through continued coordination.

¹ PHB's Statement on Equity and Justice is attached as reference

A Framework for Action

Local entities have been criticized in the past for maintaining the status quo when doing business with communities of color. Disparities in contracting continue to exist, despite efforts to increase participation of Minority, Women, and Emerging Small Businesses (MWESB) in government contracting. MWESB investments are concentrated on women-owned and emerging businesses, while business owners and contractors of color still get little work.

Other public agencies have worked to provide business and employment opportunities to disadvantaged businesses and residents. PHB has and will continue to study the effectiveness of past efforts of its sister public agencies, and will incorporate lessons learned and best practices to the greatest extent possible. Portland Development Commission, Housing Authority of Portland, Multnomah County, and Tri Met are notable agencies that have made strides in this area.

Currently in development, the City's Disparity Study examines Portland's minority contracting practices and outcomes to determine the degree of utilization gaps. A nationally recognized team is working on the study, comprised of experts, professionals and members of the local minority contracting community. When completed, the Disparity Study will explicitly outline process improvements in the City's contracting programs to close existing gaps in hiring firms owned and operated by people of color.

As a bureau within the City of Portland, PHB is naturally subject to – and embracing of – established City policies, procedures, and goals. Business areas covered by this policy include professional, technical, and expert (PTE) contracting and sponsored construction projects. Subrecipient contracts for service provision will be addressed in parallel policy documents. Goals for performance in these business areas will incorporate the following:

1. Enhancing contracting opportunities with MWESB firms
2. Workforce hiring and training
3. Ensuring fair wages
4. Participation of low-income residents
5. Minority Evaluator Program
6. Deepening community relationships for shared success

1. Enhancing Contracting Opportunities with MWESB Firms

The Business Equity Policy is triggered when PHB invests \$200,000 or more toward a project, including but not limited to housing construction projects. According to policy, the “aspirational goal” of 20% of total hard construction costs must be allocated to certified MWESBs.

PHB will seek to maximize small business contracting opportunities in the construction trades for both prime and subcontracts to ensure that contracting strategies provide opportunities for businesses owned by people of color. We intend to increase our focus on creating opportunities for businesses owned by people of color. PHB's aim is to ensure fair and equitable opportunities for Portland's diverse businesses that have been historically underutilized within business and workforce equity programs.

PHB has an opportunity to truly make a difference in the way we do business with minority-owned firms by making improvements in steps involved in internal decision-making processes, including, but not limited to:

Initial Assessment

- Develop and incorporate standard equity criteria that firmly apply to PHB project solicitations (RFPs and NOFAs) that will be funded with City dollars.
- Through the RFP and NOFA process, we will analyze and identify clear targets for MWESB participation, with a keen focus on businesses owned by people of color in construction and professional service industry.
- PHB will require proposers to specifically address how they intend to meet PHB's MWESB goal, by targeting ***at least half*** of the 20% goal for hard construction costs to be awarded to firms owned by people of color.
- Provide ample opportunity for the bureau's Equity and Diversity Council to review and add comments to proposal criteria to encourage and strengthen support for the goals.
- When evaluating project proposals, selection review committees will provide extra credit for equity-based contracting arrangements (i.e. joint ventures and/or primes with high percentages of minority utilization).
- Encourage alternative contracting methods such as Contracting Management – General Contractor, which will allow for more oversight of the potential MWESB utilization and cost analysis process for projects.
- Strengthen efforts toward expanding our stakeholder and borrower groups, and be more creative and open to new development team alignments on PHB projects.

Underwriting and Approval

- Appoint a member of the bureau's Equity and Diversity Council to serve on the PHB Housing Investment Committee.

Document Preparation and Closing

- Work with community-based groups and technical assistance consultants to strengthen opportunities during the bid process for minority contractors.
- Require minority utilization reports after pre-bid meetings and before a project is closed and funded to better leverage support towards MWESB goals.

Monitoring throughout Construction

- Monitor and work with City's Procurement Services department to track minority utilization performance outcomes every month during the project's construction phase.
- Develop an annual MWESB utilization report, and provide results to the public, community partners and stakeholders on project specific outcomes.

2. Workforce Hiring and Training

The Workforce Equity Policy is triggered when PHB invests \$200,000 or more and construction costs over \$1,000,000 are made towards a project. The prime contract and any subcontracts over \$100,000 require a minimum of 20% of labor hours in each trade to be performed by registered apprentices. The contractor and subcontractors supervising these apprentices are responsible for certification as state-registered training agents.

PHB will make all reasonable and necessary efforts to ensure that contractors employ a workforce that reflects the diversity of the City of Portland, including recruitment of a diverse workforce through unions, apprenticeship programs and other community resources. Furthermore, we will look deeper into organizations owned by people of color to ensure that there is diversity among the teams working on PHB-financed projects.

PHB will encourage consistent involvement by staff and to access and build on existing partnerships to focus on providing economic opportunities for people of color working in the trades, by:

- Maximizing apprenticeship opportunities for training and hiring in the construction trades with a specific focus on people of color.
- Supporting existing efforts to provide technical assistance and build capacity in the contractor community.

3. Fair Wages

Affirming living wage jobs for people working on PHB-funded projects is central to supporting economic revitalization in our community. PHB administers compliance with Oregon Bureau of Labor and Industries ([BOLI](#)) and federal [Davis Bacon](#) prevailing wage requirements. Both sets of requirements determine prevailing wage rates for public works projects. Prevailing wage rates are the minimum wages that must be paid to all workers employed on all public works. According to BOLI, these rates are determined using data collected from a statewide construction industry wage survey of occupations and crafts performing commercial building and heavy and highway construction in 14 geographic regions of the state.

Compliance specialists serve as a resource for PHB project managers and contractors for prevailing wage information. PHB will ensure that current wage rates apply to construction contracts; track payroll monthly during the duration of construction; make construction site visits and interviews as necessary; and respond to inquiries and/or complaints regarding prevailing wage issues.

4. Participation of Low-Income Residents

Making sound investments in locally and minority-owned small businesses and construction firms is a proven way to shore up economic development in Portland's most disadvantaged communities. Typically, when local business owners get work, they hire local people for construction projects that impact their own neighborhoods. By focusing on economic opportunity, PHB can leverage programs such as [HUD's Section 3](#)

[program](#), to guarantee high levels of community benefit through taxpayer-funded projects, as well as strengthen outcomes in how we impact the lives of those we serve.

An excellent model for an employment program highlighting economic opportunity is HUD's Section 3 program, which utilizes existing federal funding streams for low-income housing to maximize economic opportunities to low-income individuals. The program is tailored to provide preferences in employment, training, and contracting to low-wage workers on projects designed to benefit low-income people.

By prioritizing economic opportunity among low-income communities when hiring people to work on PHB-funded projects, we can make a considerable impact on addressing problems of income disparity, housing affordability, employment status, and wealth creation within communities in poverty.

5. Minority Evaluator Program

PHB shares the City's commitment to inclusive and transparent contractor evaluation and selection processes and actively participates in the City of Portland's Minority Evaluator Program (MEP). The program is designed to meet the intent of a 2009 Council resolution that requires all City bureaus to include at least one minority evaluator in any City-led procurement award process.

By ensuring that there are diverse and qualified evaluators to serve on various panels that award PHB contracts, we will better link our housing stability and community development agenda with the broader public purpose of reversing economic disparities and empowering residents and businesses.

6. Deepening Community Relationships for Shared Success

Creating the foundation for systemic change in the way we do business will require active involvement of the community. A number of strategies will help us achieve success:

Recruit and appoint a PHB "equity in contracting" manager who reports to the Director. (PHB Adoption of this recommendation is subject to City budget and HR processes.) This leadership position will serve as a key liaison between this organization and the community in which we serve towards addressing disparities in contracting. This position will be primarily responsible for implementing the bureau's Business and Workforce Equity Policy, and tracking and measuring outcomes on PHB-funded projects. In addition, the "equity in contracting" lead at PHB will ensure that RFPs, NOFA solicitations, loan documents, reporting requirements and coordination with developers/contractors are structured to target and provide incentives for firms that work hard to meet participation goals.

Consult with the industry about key utilization issues, including: cost barriers to state certification, diversity of workforce composition, change order management and effective strategies to improve participation by minority-owned firms. This process will strengthen utilization efforts by understanding industry barriers to contracting opportunities. Information provided will allow us to analyze current and future participation of MWESB contractors, while leveraging our resources and partnerships on PHB-funded projects.

PHB will convene a quarterly working group to examine and improve elements of the bid process that currently work to the disadvantage of otherwise-competitive minority-owned and economically disadvantaged firms. The working group will consist of local contractors, subcontractors, suppliers, consultants, and borrowers of our funding, with a task of focusing a deeper lens on barriers to contracting opportunities. The focus will be on building and strengthening relationships, while addressing barriers around financing/bonding, experience/expertise, equipment, materials/supplies and personnel/labor capacity.

The working group will be charged with:

- Providing recommendations to bureau leadership about strategies to improve PHB's contracting processes.
- Engaging the Portland Housing Advisory Commission and PHB's Equity and Diversity Council in matters relevant to the bureau's Business and Workforce Equity Policy.
- Strengthening key partnerships with other city and state agencies to develop strategies that leverage support and creativity in minority contracting practices.
- Connecting PHB with community-based organizations and small business advocacy groups to examine project pipeline, structural issues such as business certification, construction contracting, among others, to determine processes that can be streamlined.
- Examining different approaches to assess actual participation by minority-owned firms
- Establishing regular forums with the contracting community to ensure feedback and process improvement.
- Creating a balanced approach between regulation and compliance to advance the bureau's equity agenda in a collaborative spirit.

These strategies will continue to be clearly and firmly communicated by leadership and managers, to staff and customers at all phases of the contracting process from the inception to the implementation of PHB projects.