



Small Business Economic Equity First Action Plan

Purpose

The Department of Housing and Community Development (HCD) is aligned with the objective of Assembly Bill 2019 and the Small Business/Disabled Veteran Enterprise Program. Our purpose is rooted in the principle of economic fairness, diversity, and inclusion by recognizing that a vibrant and diverse community enriches the overall economy and fosters innovation. HCD is actively promoting the growth of Small Businesses (SB) and is constantly working to support the expansion of small businesses. HCD seeks to generate sustainable employment, foster entrepreneurship, and spur economic development in underserved communities.

Background

[Assembly Bill 2019, Chapter 730, Statutes of 2022 Small Business Enterprises](#), requires each small business liaison to develop an Economic Equity First Action Plan and policy for the department to provide, among other things, direction, recommendations, and strategies as to how to ensure that small businesses, as specified, are effectively involved, and benefiting from the agency's procurement process. This bill requires the Action Plan and policy to be adopted by January 1, 2024. This bill also requires the Action Plan to include, as part of a general outreach effort, all small businesses, education, outreach, and stakeholder engagement with representative business organizations and business enterprises owned by women, minorities, and members of the LGBTQ+ community.

Assessment

The following sections provide an assessment of HCD's procurement processes and resources for the current budget year. Each year, the SB/DVBE Advocate will analyze HCD's performance against the first year of implementation of the Action Plan. The plan identifies and will assess:

Small Business Goal

HCD has adopted an SB/DVBE first policy. It is the policy of the HCD that in all procurement and contract opportunities, HCD is required and committed to giving first consideration to California-certified (CA-certified) DVBE vendors, and second consideration to CA-certified SB vendors, women-owned, minority-owned, and LGBTQ+ owned businesses. The purpose of this requirement is to meet the mandated 3 percent DVBE annual participation requirement and 25 percent SB annual participation requirement.

Personnel Capacity

HCD's SB/DVBE Advocate is Niki Hussein, Associate Governmental Program Analyst (AGPA). The Advocate is supported by the Business Services Office (BSO) Section Chief, Lisa Hernandez.

Collaboration, Education and Outreach

HCD fosters partnerships with small business advocates from other government agencies, small businesses, and non-profit organizations to create a supportive dynamic where all parties involved can come together to collaborate with different perspectives to achieve one common goal. HCD's advocate strives to further educate and develop an outreach strategy that includes leveraging state, federal, and local partnerships such as the California network of small business technical assistance centers, community-based, mission-based, ethnic/minority-based, and LGBTQ2+ organizations to deepen the reach to diverse small businesses in California. The intent of the education and outreach efforts is to foster relationships and find additional avenues and platforms to share information such as releasing forecasts of upcoming bid opportunities and connecting businesses to free training to qualify for more bids. HCD continues to train procurement and contract staff on the Departments SB/DVBE first policy and share best practices around breaking down barriers to underserved and underrepresented communities.

Technology Tools

HCD has implemented digital platforms, including an external facing public website with tools to streamline processes, improve access to information, and facilitate networking among SB businesses. HCD will utilize data analytics to provide insights into market trends and areas for improvement. HCD will establish a feedback mechanism to collect input from SB businesses and other stakeholders. Feedback received will be used to make improvements. HCD has implemented a departmental resource email with links for small businesses to register and get certified as a small business through the Department of General Services (DGS).

Processes

HCD will continuously monitor the progress of the Economic Equity Action plan and adjust strategies as needed. Regularly assess the procurement process for better opportunities for SB/DVBE vendors to do business with HCD. Evaluate the effectiveness of the outreach initiatives, technology tools, and streamlined processes to address emerging challenges and opportunities. HCD will develop an anonymous survey for vendors that will request feedback of HCD's procurement process. HCD's Advocate assists small business with eligibility requirements and benefits for doing business with the State of California. A listing of common commodities and services

HCD procures is made available to small businesses. Examples of resources provided are links to the Statewide Supplier Diversity Program page, Commercially Useful Function (CUF) and a vendor library for the advocate and buyers to easily access vendor information and what goods/services they provide.

HCD's Advocate participates in outreach events which play a crucial role in expanding opportunities to diverse small businesses by nurturing inclusivity, community and driving positive change by offering networking opportunities, access to resources, and educational support. HCD will continue to communicate with all vendors, especially new and small vendors that are not accustomed to working with the government. Procurement staff will also assist small and newer vendors who need more hands-on support to successfully deliver during a bid proposal, and if awarded, during implementation of the contract.

Payment Terms

HCD has streamlined its procurement processes to ensure compliance with the Prompt Payment Act. The Department of Housing and Community Development (HCD) acknowledges the following: "The [Prompt Payment Act](#) requires State agencies to pay properly submitted, undisputed invoices within 45 calendar days of initial receipt. If the requirement is not met, State departments must automatically calculate and pay the appropriate late payment penalties as specified in Government Code section 927, et seq."

Obstacles

Small businesses owned by diverse cultural backgrounds often face multiple cultural and language barriers. Language barriers involve miscommunications, inaccurate instructions, and can cause confusion and prevent comprehension. Cultural barriers may include key features in a culture. These types of barriers could potentially lead to stereotypes and miscommunications. These are two examples of why HCD fosters an environment based off Diversity, Equity, and Inclusion. HCD is addressing cultural and language barriers to provide equitable services to a broader range of individuals and communities by engaging with diverse communities through outreach events to better understand their specific needs, training staff to be culturally sensitive and aware of the diverse communication needs and promoting diversity in hiring practices to increase the availability of staff who speak different languages and understand various cultures.

Many small business owners may not be aware of available resources or how to navigate government contracts and procurement opportunities. HCD works closely with our vendors at outreach events to give them the proper education on what steps are needed to do business with the State of California, by providing awareness and education. technological infrastructure or skills required to fully participate in online programs or access digital resources can be challenging for some small businesses.

Accountability Metrics

	Process/Effort Metrics (Current YOY)	Impact Metrics (Current, YOY, By Zip Code)
Economic Equity First Action plan	Procurement Budget 1. The entire HCD procurement/contracts budget is: a. 2022/23: \$535,654,300 b. 2023/24: \$258,637,857	Economic Impact: Contracts awarded to SB's by \$'s, and overall %: FY 22/23 \$9,598,351-30.45%
HCD	Action Plan adoption % - 25%	FY 22/23 - 52.57%
Outreach	4 Outreach Events: <ul style="list-style-type: none"> • Caltrans Resource Roundtable • Society of American Military Engineers • Sacramento Public Agency Consortium (SacPAC) • Caltrans North Region Procurement Fair • 4 events with underserved business groups (Intentionality) • 220 agency attendees 	237 registered Small Businesses/Micro Businesses (Associated with events)
Stakeholder Engagement (External)	Ensure their perspectives and input are considered.	N/A
Stakeholder Engagement (Internal)	Ensure their perspectives and input are considered. Newsletter to vendors.	N/A
Others: Procurement/Policy Process	Prompt Payment terms 59 of Small Business Enterprise (SBEs) on Prompt-PMT terms \$4,886,481.98 - paid to SBEs on Prompt-PMT terms	The Prompt Payment Act requires State agencies to pay properly submitted, undisputed invoices within 45 calendar days of initial receipt