

Oregon Housing and Community Services
Affordable Rental Housing Division

Equity in Contracting Compliance Manual

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Section 1 – Introduction

1.01 Manual Summary

This manual describes policies related to equity in contracting for applicants seeking funding for affordable rental housing from OHCS. These policies are implemented through the Oregon Centralized Application (ORCA) funding process.

1.02 Why Equity in Contracting?

The Affordable Rental Housing (ARH) division at OHCS is charged with the delivery of state and federal funding to build and/or preserve affordable rental housing across the state. ARH has a charge to implement the agency's commitments to advance equity and racial justice as a funder and regulatory agency.

The housing development and construction industry employs businesses of a wide range of sizes throughout the development process, from design to lease-up and management. However, participation of businesses owned by racial and ethnic minorities, women, and veterans, as well as emerging small businesses, remains low, and their share of financial investments in housing remains small.

This underrepresentation is due in part to the limited resources available to prepare, encourage and facilitate the participation of these businesses. When these resources are in place, they sometimes fail to reach these businesses or are unable to break the veil of distrust that these business owners have in systems that hinder their participation in the industry.

Business Oregon's Certification Office for Business Inclusion and Diversity (COBID) helps increase the economic participation of these enterprises in the development and construction of affordable housing. At the same time, some owners of these businesses wish to operate without COBID certification and continue providing services to the affordable housing industry.

The policies in this manual exist to advance access to business opportunities resulting from OHCS-funded developments for businesses owned by racial and ethnic minorities, women, and veterans, as well as emerging small businesses. The intended outcomes are greater economic participation and share of financial resources for COBID-certified and self-identified firms owned by people from these communities.

1.03 When These Policies Apply

These policies apply to all project teams seeking funding from OHCS' Affordable Rental Housing (ARH) division. Funding sources are listed on [OHCS' website](#).

1.04 Relationship to Federal Regulations

OHCS ARH policies for equity in contracting are intended to align with, but do not replace, federal regulations.

The following federal funding sources that OHCS administers also have requirements related to equity in contracting:

- **HOME Investment Partnerships:** 24 CFR § 92.350 directs participating jurisdictions in the HOME program, including Oregon Housing and Community Services, to establish and oversee minority outreach programs within the jurisdiction to ensure the inclusion, to the maximum extent possible, of minorities and women and entities owned by minorities and women, in all contracts entered by the participating jurisdiction. § 92.508(a)(7)(ii) requires documentation and record keeping of efforts taken to implement an outreach program, the amount of contracts, and documentation. For this reason, **project teams receiving HOME program funding must also complete the [HOME Program Annual Report form at project completion](#)**. This allows OHCS to complete its Consolidated Annual Performance and Evaluation Report (CAPER) to HUD, which includes OHCS' participation in the HOME program. OHCS may request additional documentation, if necessary, to ensure compliance with this obligation. For questions on this form, please contact Andrea Matthiessen, HOME/Housing Trust Fund Program Manager, at andrea.matthiessen@hcs.oregon.gov.

- **National Housing Trust Fund:** 24 CFR § 93.407(a)(5)(ix) requires records demonstrating compliance with 2 CFR § 200.321, which relates to grantees contracting with small businesses, minority businesses, women's business enterprises, veteran-owned businesses, and labor surplus area firms.

Section 2 – Percentage Targets

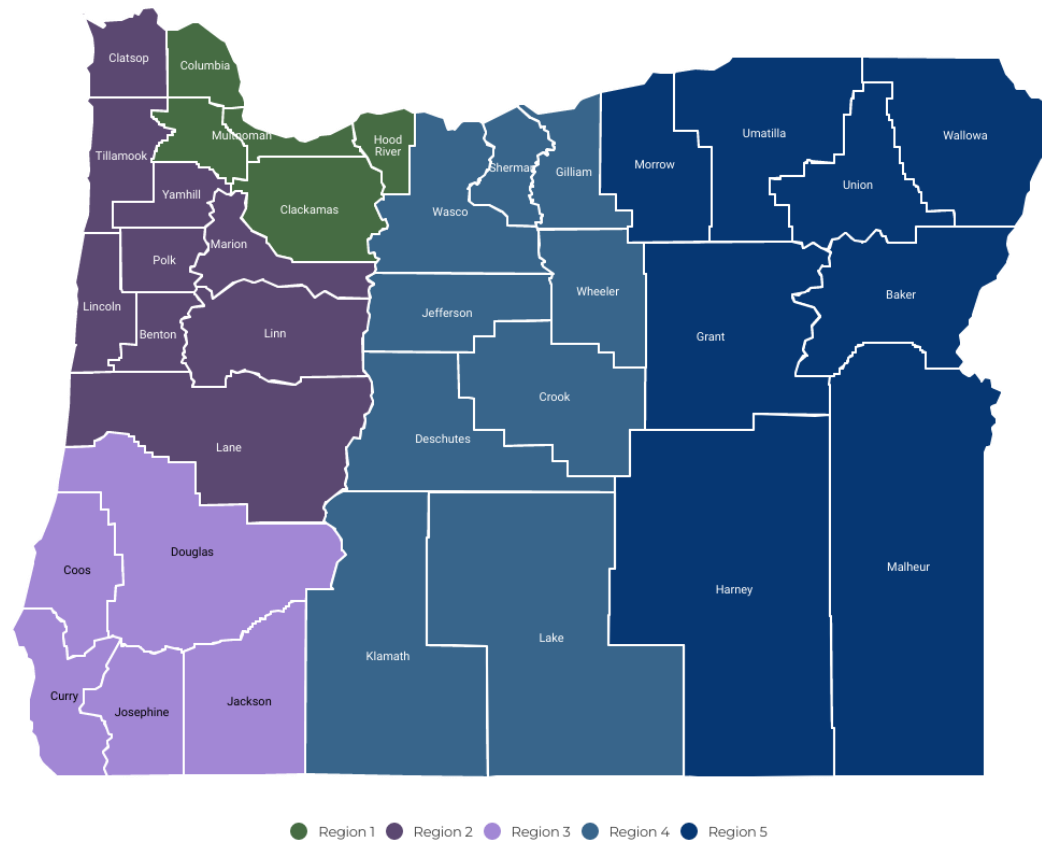
2.01 Regional Percentage Targets

OHCS has established percentage targets for participation by relevant businesses. Targets vary across the state, recognizing the different economic conditions, demographics, and availability of relevant firms.

Regional percentage targets refer to the percentage of total contract dollars awarded to firms owned by minorities, women, and veterans, as well as emerging small businesses – both those certified by COBID and those that self-identify as such.

Region 1, covering the Portland metropolitan area, has a target of 30%, and Regions 2 through 5, covering the rest of the state, have a target of 20%.

Region	Counties	Percentage Target
1	Multnomah, Washington, Clackamas, Columbia, Hood River	30%
2	Clatsop, Tillamook, Yamhill, Marion, Polk, Lincoln, Benton, Linn, Lane	20%
3	Douglas, Coos, Curry, Josephine, Jackson	20%
4	Wasco, Sherman, Gilliam, Jefferson, Wheeler, Crook, Deschutes, Klamath, Lake	20%
5	Morrow, Umatilla, Union, Wallowa, Grant, Baker, Harney, Malheur	20%



2.02 Eligible Firms

To meet these percentage targets, OHCS encourages project teams to work with firms certified by Business Oregon's Certification Office for Business Inclusion and Diversity (COBID), including Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs), Veteran Business Enterprises (VBEs), and Emerging Small Businesses (ESBs).

In addition, work performed by businesses that self-identify as owned by minorities, women, or veterans, as well as emerging small businesses, is eligible to count toward the percentage targets if those businesses meet the corresponding COBID eligibility criteria. Project teams must make these business owners aware of COBID certification and encourage them to apply.

2.03 Eligible Costs

Both hard and soft costs (professional services) payable with OHCS funds are eligible to count toward the percentage targets. See [Eligible and Non-eligible Costs for OHCS Capital Resources](#) for more information.

Contractors that self-perform work, subcontractors, and professional firms providing services can count toward percentage targets, as long as they are eligible firms as described in Section 2.02 of this manual.

Section 3 – Policy

3.01 Project Team Responsibilities

Applicants will answer questions about their experience and plans to meet their regional percentage targets in the ORCA application. Project teams will also have access to additional subsidy to work with a contracting equity consultant should they desire additional advice and support. See *Section 3.02*.

Applicants must provide this manual to prospective contractors during bidding.

Efforts to include relevant businesses must allow them sufficient time to effectively participate in the bidding and/or application process.

Project teams should maintain evidence of efforts made to seek and increase participation by relevant firms.

OHCS recommends that project teams take affirmative steps to market their opportunities to businesses owned by minorities, women, and veterans, as well as emerging small businesses. These steps could include but are not limited to:

- Requiring the prime contractor to seek out participation by relevant firms as a stipulation in their contract
- Placing relevant businesses on solicitation lists
- Using the services and assistance of contracting equity consultants (*see Section 3.02 for available funding*) and industry organizations

OHCS also encourages the following practices to increase participation in projects:

- Facilitating partnerships between large/established firms and small/new firms for mentorship and professional growth
- Dividing large scopes of work into smaller scopes that can be bid out to relevant businesses
- Bringing subcontractors under a prime contractor's bonding and insurance policies, if bonding and insurance are barriers to subcontractors' participation
- Workforce development programs
- Apprenticeship programs
- Local partnerships with labor organizations

3.02 ORCA Application Process

All OHCS funding for affordable rental housing is allocated through the Oregon Centralized Application (ORCA). The ORCA is a first-come, first-reviewed application process that awards funding to projects meeting specific minimum criteria, called “evaluation standards.” For more information about the ORCA, see [OHCS’ website](#).

One evaluation standard relates to the applicant’s strategy for equity in contracting. At the Impact Assessment step, applicants will confirm their understanding of and commitment to meeting regional percentage targets; thoroughly answer application questions relating to experience, plans, and actions to meet targets; and upload supporting documentation, if applicable.

OHCS offers additional subsidy for contracting equity consultants, subject to funding availability.

Contracting equity consultants provide services including, but not limited to, supporting outreach to subcontractors, reviewing proposed subcontractors to see if they are COBID-certified or eligible, coordinating or managing relationships with chosen subcontractors, administration and reporting for contracting equity requirements, and other strategies for equitable contracting. Project teams can work with any consultant they choose that provides these services.

Project teams choosing to work with a contracting equity consultant will provide a signed contract during the Financial Eligibility step outlining these services and the dollar amount to be spent.

3.03 Reporting Requirements

Applicants receiving OHCS ARH funding will be required to submit three reports related to the participation of relevant firms in their project: an initial report at the time of financial closing, a second report once construction reaches 50% completion, and a final report within 30 days of construction completion. These reports include reporting by trade, firm category, certified status, and demographics and will be available in the project’s Procorem WorkCenter.

Project teams must be up to date on reporting for past OHCS-funded projects to be eligible for funding for additional projects.