



Maximizing Participation of MBEs and Workers of Color

In affordable housing construction in MA

Tuesday, March 8, 2022

1-2 pm

Presenter: Travis Watson, Director of Racial Equity and Community Engagement, MHIC

Agenda

- Changes to the QAP
- Challenges MBEs and workers of color face
- Selecting a general contractor partner
- Challenges to meeting MBE and workers of color participation
- What to ask from your general contractor
- Q&A

Objective

Equip developers with strategies and best practices to increase the participation of MBEs and workers of color during the direct construction phase of an affordable housing project.



Partners



Mayor Michelle Wu



Housing



Massachusetts
**Housing
Investment
Corporation**



Mel King Institute
for community building

CEDAC

Community Economic Development
Assistance Corporation



Changes to the Qualified Action Plan (QAP)

In the next two years, the DHCD intends to deploy the power of the federal and state housing credits, as well as subsidy funds, to promote six overarching goals, including:

Promoting greater diversity within the affordable housing industry, to be measured both by deeper and more significant MWBE participation on specific projects and by greater diversity within the entities constituting the development teams.

MBE and WBE Checklist

- Under the QAP, DHCD's scoring of projects will consider whether sponsors have provided sufficient evidence of both their *history of diverse supplier contracting* and their *current plan for utilization of MBE and WBE businesses* on the proposed project.
- Sponsors must submit a current written plan for outreach, recruitment, and utilization of MBE and WBE businesses and other diverse business enterprises.

There are many ways to increase racial equity and inclusion when constructing affordable housing.

We hope to highlight some methods today.



Challenges MBEs face in developing affordable housing in MA

Not invited to bid / late notice to bid / no access to pre-development pricing.

Not always being the lowest bidder.

Bonding requirements.

Smaller back offices.

Access to capital.

Cash flow / timely pay.

GC's who claim that they "can't find any MBEs or all that the MBEs are busy."

The belief that all MBEs cost more and that you need to pay a premium for their participation.

Discrimination.



"You've got to create that awareness, because a lot of times, these deals get done on the golf course. But not everybody plays golf."

Linda Foggie, senior vice president of New York-based contractor and owner's representative Turner and Townsend.

Selecting a General Contractor

Include MBEs in your general contractor bids.

Start building relationships with MBE GCs.

It's helpful to communicate why you did or did not include certain MBEs on your GC bid list.

Allow MBEs the same pre-pricing activity as their majority peers.

Consider a joint venture (JV).

When selecting a GC, consider their past track record with MBE and workers of color participation.

Prompt pay / working out payment schedules with MBEs.



“You can’t grow unless you do more than you’ve done before.”
Dan Cruz, Senior Vice President, Cruz Development Corp.

Challenges to meeting or exceeding MBE and workers of color participation expectations.

“But they (MBEs) have never done a project this big.”

The scope is too large for a particular MBE.

Sponsor and GC relationships, or lack thereof, with the MBE community.

The timing (or delays) of a project.

Low bid responses.

Certification requirements.

An unwillingness from team members to try something new.

Project location.

Sergeant House – Northampton, MA

20% of the construction contracts went to MBEs.

Laura Baker, Real Estate Development
Director, Valley Community Development

Mark Follett, Project Manager, Western
Builders

Lionel G. Romain, Director of Housing for
Central and Western Massachusetts,
CEDAC





Considering asking your GC to provide you with:

Sub-contractor pre-qualifications.

Bid deadlines.

A project outline detailing the total value of each subcontract.

A list of trades where there might be difficulty identifying qualified MBEs.

An agreed upon number of MBEs are provided an opportunity to bid in each trade.


The MBE database that they plan to use.

Follow-up calls.

A breakdown detailing subcontractor's responses to bid.

Updates throughout the buyout process.

Opportunities to breakup contracts.



"If we've got a trade partner with a limited history, we've gone back to their insurance company and asked for a letter that says they have zero claims for site accidents in the last two years," Bailey said. "We don't feel like we're lowering the bar. What we're doing is becoming more appreciative of the restrictions and incumbrances UBEs have to overcome to be fully compliant."

Chris Bailey, SVP of integrated solutions, California-based XL Construction

Other considerations.

Creation of a standardized bid form / MBE reporting / workers of color reporting.

MBE certification versus self-certification.

MBE participation plans – see QAP and MBE Checklist.

Union participation and its impact on MBE and workers of color participation.

Prevailing wage.

Project managers, the procurement department, and others on the construction team.

Providing feedback to MBEs – why didn't they win the bid?

MBEs are your best source for workers of color.



Q&A



Thank You

Travis Watson, Director of
Racial Equity and
Community Engagement,
MHIC



617-850-1004



Watson@mhic.com

