



U.S. Department of Housing and Urban Development  
Office of Policy Development and Research



# Promising Practices in Grantee Performance Measurement



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Prepared for:  
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The contents of this report are the views of the contractor and do not necessarily reflect the views or policies of the U.S. Department of Housing and Urban Development or the U.S. Government.

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## **EXECUTIVE SUMMARY**

At all levels of government, the public has an interest in seeing its tax dollars accomplish worthwhile ends. At the federal level, the Government Performance and Results Act (GPRA) established a framework of strategic planning and performance reporting that applies to all agencies and programs. At the state and local level, ambitious and technically sophisticated performance measurement efforts have become increasingly common. These two streams come together in federally funded community development. Because federal dollars are programmed and spent locally, more effective federal community development efforts depend decisively on the willingness and ability of state and local governments to improve the performance of their programs, which can be aided by good performance measurement.

To help community development grantees better assess their performance in carrying out community development programs, the Department of Housing and Urban Development (HUD) commissioned Economic Systems Inc. to identify and document promising performance measurement practices in a small number of jurisdictions. This report, the result of that investigation, concludes that the several communities visited, very different in terms of jurisdiction size, community development objectives, and experience with performance measurement, have crafted complex systems to measure and assess performance. In doing so, they have accumulated a body of useful practice that may help other jurisdictions embark upon, or refine, performance assessment in community development.

## **Introduction**

To encourage performance measurement in Community Planning and Development (CPD) programs, in September 2003, CPD issued a notice “strongly encouraging” grantees to develop and use performance measurement systems.<sup>1</sup> Drawing on broadly accepted professional standards in the performance measurement field, the notice described the basic elements of a system, provided a suggested list of outcomes indicators from which to choose, and recommended sources of practical guidance on developing and using systems. Many grantees, especially those new to performance measurement, have sought hands-on models of effective measurement systems that they could adapt for local use.

On June 10, 2005, HUD published a notice in the Federal Register announcing a proposed outcome performance measurement system, for CPD’s formula block grant programs; CDBG, HOME, ESG, and HOPWA. The proposed system contains outcome indicators that will become part of HUD’s Integrated Disbursement and Information System (IDIS). Research for the report, “*Promising Practices in Grantee Performance*

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<sup>1</sup> US Department of Housing and Urban Development, NOTICE: CPD-03-09, Development of State and Local Performance Measurement Systems for Community Planning and Development (CPD) Formula Grant Programs, September 3, 2003.

*Measurement*” was conducted prior to the publication of the Federal Register notice and reflects the information available at that time.

Community development is among the most difficult of enterprises in which to gauge success. Low-income neighborhoods are complex, and in many ways, not well understood. They consist of markets for a wide variety of goods and services—markets that may have failed to deliver the high-quality housing, retail choices, job opportunities, and the goods and services people need to create safe and rewarding lives for themselves and their families. They consist of communities of individuals, families, congregations, community organizations, business enterprises and other social actors whose cooperative efforts go into making neighborhoods and markets work. Local governments have devised a correspondingly diverse set of programs to strengthen both markets and communities. Community development agencies operate programs to build affordable housing, invest in neighborhood business, upgrade the public infrastructure, shelter people who are homeless, strengthen nonprofit community organizations, train workers for jobs, and accomplish other objectives. Some localities prefer to concentrate their efforts in a few low-income neighborhoods; others emphasize helping poor people wherever they may live. To be successful, community development agencies must enlist the support of police and fire departments, human service agencies, and other public entities. They must elicit cooperation from the private sector, financial institutions in particular. They must engage nonprofit partners, including local philanthropies.

For all of the complexity of community development—involving neighborhoods, programs, and cooperative relationships—it is no surprise that measuring success has proved difficult. Most jurisdictions appear to have just begun their efforts to do so. Charged to uncover practices that promise to have broad merit in the community development field, ESI and its partners selected five communities with emerging reputations for carrying out effective performance measurement in one or more of its community development programs: Charlotte, North Carolina; Austin, Texas; King County, Washington; Minneapolis, Minnesota; and Burlington, Vermont. The research team collected extensive documentary material and conducted interviews with operating program managers, department heads, budget office staff, city manager staff, and local elected officials to assess the characteristics and value of their performance measurement efforts.

Each of these communities carried out performance measurement in its own way, reflecting its community development priorities and programs. As a way to compare these different experiences and draw lessons from them, researchers developed a framework that specifies the generic elements found in any performance measurement system, defined as a recurrent sequence of activities that range from initial specification of objectives to ultimate decisions about whether these objectives were met, and to what degree. As outlined in Chapter 1, framework elements include:

*Pursuit of program goals, objectives and activities*, which include the community development goals that grantees pursue in different kinds of neighborhoods, specific objectives to guide action, and the activities they design and carry out to realize these objectives.



*Design and implementation of performance measures*, including development of output and outcome indicators at individual and community level, intended to measure the results of community development activities in light of the objectives they are intended to accomplish.

*Assessment of the results of performance measurement activities*, including analysis to attribute outcomes to programmatic activities.

*Practical program decisions or choices*, in which the results of program performance measurement are communicated in ways that clarify choices regarding the content or administration of programs, and decisionmakers act on those choices.

These four basic activities or elements are carried out within a political, social, and institutional environment that may affect selection of objectives, whether, how, and which activities are measured and assessed, and the practical value these efforts have to decisionmakers.

## **Community Case Studies**

Throughout the spring of 2004, each case study community's community development program and related measurement efforts were documented. To briefly summarize the results presented in Chapter 2 of this report:

### ***1. Charlotte, North Carolina***

The city of Charlotte's performance measurement system is a citywide effort to link overall strategic direction imparted by the City Council to the work of the smallest operating divisions within government (and sometimes, even individual employees) through a series of performance "scorecards." This so-called "Balanced Scorecard" approach, drawn from a private sector model, strives to balance the variety of objectives that all government programs embrace: of serving the customer, managing financial resources, running the business, and developing employees. Each agency, including the community development agency (or "business unit") must devise performance indicators that track results against each of these objectives.

One of the five strategic directions set by the City Council pertains to the vitality of the city's core neighborhoods. As a result, the city's performance measurement system pays particular attention to the health of these neighborhoods, tracking their economic, social, physical, and public safety conditions over time through a Quality of Life Index that compares neighborhoods with one another. The Neighborhood Cabinet—an interagency team of the Neighborhood Development and Police Departments—uses the index to track their joint progress in improving neighborhood vitality. Index targets are enshrined within the agency business plans and scorecards along with other, more traditional, measures of agency performance, such as the number of units rehabilitated or code enforcement actions completed.

## **2. Austin, Texas**

Austin’s performance measurement system uses the “Managing for Results” framework, developed in the mid-1980s to help city governments better plan and manage public programs. As in Charlotte, performance measurement bears a close connection to strategic planning and budgeting, with even individual employee performance appraisals tied to agency-wide production goals. The city’s community development program emphasizes volume production of affordable housing, so 35 of the 99 performance measures used by the Neighborhood Housing and Community Development Department pertain to delivery of affordable housing.

Austin’s strong interest in public accountability has led it to create an electronic performance reporting system, operated by the city’s Budget Office, that allows agency staff to electronically file information on funds expended and units produced. Performance reports for each program are issued quarterly and made available online to the general public. To help the city ensure high quality across the large number of indicators reported by all city agencies, the Budget Office maintains a small audit unit charged with validating the measures and data used by the agencies.

## **3. King County, Washington**

King County’s performance system resembles those of the other two jurisdictions in its incorporation of measures into agency business planning in a jurisdiction-wide effort managed by the chief operating executive. The Housing and Community Development Division within the Department of Community and Human Services operates a program that heavily emphasizes affordable housing development, responding to the rapid loss of low-rent housing in the high-growth jurisdiction. The agency reports on seven different measures—including such indicators as number of shelter bed-nights, number of affordable housing units completed, and number of community facilities completed.

Performance measurement in King County, however, is noteworthy primarily for efforts to track changes in area-wide outcomes that are not necessarily tied to specific community development programs. The King County *Benchmarks* initiative tracks economic development, environmental, affordable housing, land use, and transportation trends within the county as a way to measure progress against goals set under the state’s growth management regime. The *Communities Count* initiative is an effort to track family and community health and welfare in cooperation with the City of Seattle.

## **4. Minneapolis, Minnesota**

The Minneapolis performance measurement system is a straightforward adaptation of the Austin Managing for Results process. Performance measures for the Community Planning and Economic Development (CPED) Department are broken down by “business lines”—such as housing development and workforce development—reported in the agency business plan and tied to the annual budget process. CPED performance measures

reflect a reorientation of the department in recent years to be less focused on simply carrying out projects, and much more focused on the variety of activities needed to invigorate housing, employment, and business markets. Each business line reports on Key Market Indicators, such as change in city tax revenues, and includes related measures of the outcomes of community development efforts, such as tax revenues generated by development projects. These market indicators are regarded primarily as “policy measures” rather than “performance measures,” because decisionmakers recognize that CPED has only limited ability to influence business climate.

### ***5. Burlington, Vermont***

As in Minneapolis, the city of Burlington’s performance measurement efforts include a mix of specific outputs attached to agency activities and community-wide measures of well-being that are not linked to concrete programs. On the one hand, the City’s Treasurer’s Office collects a narrow slate of indicators on agency units of service and the Community and Economic Development Office (CEDO) supplements these (voluntary) measures with a more extensive list of measures based on program activities. Output measures for housing, for example, include five-year goals for new and rehabilitated units, lead abatement for various classes of housing, and numbers of homebuyer units, among others. In its agency reports, CEDO also picks up some market-based indicators from a community quality of life effort known as the Burlington Legacy project. Similar to the King County *Communities Count* and *Benchmarks* initiatives, the Legacy project reports measures of community-wide health, such as the percentage of population paying more than 30 percent of income on rent.

## **Summary Lessons from Case Study Research**

Chapter 3 of the report summarizes the crosscutting lessons drawn from the case research in ten “lessons learned” for those who would adopt some of the promising practices discussed. These ten lessons are:

1. *Start with an Established Approach to Performance Measurement.* Nationally, there is an emerging body of professional practice for designing systems for managing program performance. Build a system that rests on this foundation. Each site studied had borrowed at least some elements of its system from these established practices, in some cases, directly from other jurisdictions: Charlotte drew from private sector practice; Austin adopted an emerging public sector model; Minneapolis borrowed heavily from Austin; and so on. King County, Charlotte, and Burlington all use community quality of life indicators that are in common use elsewhere.
2. *Reflect local concerns and goals.* The practices reviewed varied in their relative emphases on broad market-based outcomes or narrow units of production, and the attention paid to sub-areas within jurisdictions, reflecting

the types of program choices grantees made. There is clearly no one-size-fits-all approach.

3. *Involve key partners.* Several of the performance measurement systems reviewed were developed in consultation with important local stakeholders, and much of the value of the information these systems generate—particularly those that pertain to community-wide indicators—lies in its “guidepost” function in which many disparate interests work from a common knowledge base.
4. *Measure community outcomes, as well as outputs and efficiency measures.* The great majority of agency performance measures found in the five sites dealt with units of output—numbers of housing units rehabilitated or homebuyers assisted, for example. These measures can help managers and their superiors run day-to-day operations or assess the effects of budget changes. Community outcomes help agencies tell whether their efforts have made a difference, even accepting that agencies are only partially responsible for what happens.
5. *Choose outcomes that tie to goals.* Two of the jurisdictions researched, Charlotte and Austin, had spent years figuring out how to incorporate performance measures into their strategic or operational “business planning” processes and annual budget cycle. Others had only just begun down the performance measurement road, but here too, measures had immediately become part of the agency conversation about what goals were most important and, therefore, which outcomes should be measured well.
6. *Select a reasonable number of outcomes and indicators with available data.* Several communities in the study group found themselves wrestling with a large number of indicators representing a mix of very important and less important measures. Over time, each agency involved began to whittle down the number for which it attempted to collect information, if only to reduce administrative burdens. In addition, each system—most notably Charlotte, Austin, and Minneapolis—adopted a tiered approach in which each next-higher layer of management received fewer, but more important, indicators.
7. *Create accountability through reporting.* Each jurisdiction followed an internal process for accumulating information and reporting it to decisionmakers, whether through the business plan, a separate performance report, or the budget. In addition, some jurisdictions took great pains to communicate performance information to the public, include Web-based performance reports, as in Austin and Charlotte, or particularly effective design of public reports, as in the King County *Benchmarks* series.
8. *Integrate performance measures into agency procedures and policies.* Agency managers have found performance measures helpful in carrying out many aspects of day-to-day management. Most cities have built performance

information into subrecipient contracts, employee appraisals, cash flow management, and other management tasks.

9. *Build in a feedback loop for program planning and decisionmaking.* In addition to having performance data at hand when reviewing employee performance or subrecipient contract renewals, program managers have found performance information helpful as they argue for budget increases or, in recent times, defend programs against cuts. This is because good performance data can help elected officials understand the costs that cuts impose in loss of service quality or drop in valued outputs.
10. *Change the performance measurement system as needed.* All of the systems reviewed were moving targets and appropriately so. As community development goals, city priorities, citizen interests, and even information technology, changed, so too did the number, types, and mix of indicators change.

Apropos of this last point, the agencies reviewed all took reasonable, tactical steps to acquire, modify, and adapt information technologies to use for performance reporting purposes. Most communities relied, to some degree, on citizen surveys to acquire performance information. Although few grantees developed performance data with HUD reporting in mind, once they had these data, they generally reported this information to the Department. King County made particularly effective use of mapping to display differences in affordable housing, land use, and other measures across areas of the county.

Distillation of lessons from case study research suggests a sequence that HUD grantees might follow in adapting performance measurement systems from other places and inventing indicators and measures specific to local programs. Chapter 4 presents a series of performance measurement steps that highlight the critical questions that grantees should ask themselves, and answer, as they go forward with their own systems development. In the end, both the agencies that run programs and the communities they are intended to benefit will be better off with superior performance data and the informed decisions they make possible.

## Chapter 1. INTRODUCTION

This chapter introduces performance measurement in relation to HUD's Community Planning and Development Programs, the purposes of this study, the framework used to understand performance measurement, and the research methods.

### 1.1 Background

Over the last ten years, the Congress and successive Administrations have pursued an ambitious effort to improve public accountability in all federal programs, including those of the Department of Housing and Urban Development (HUD). In federal community development programs, most of the design and implementation responsibility lies with state, county, and municipal governments, which bear corresponding responsibility for ensuring that funds are well spent. Therefore, HUD has begun a series of efforts to improve program performance measurement, including commissioning of this report.

Guiding legislation for national efforts to improve accountability is the Government Performance and Results Act of 1993 or GPRA, which lays out a framework for government-wide Strategic Planning and Performance Measurement. By establishing a process for setting or clarifying agency and program goals and measuring performance against these goals, GPRA aims to help federal program managers improve program effectiveness and efficiency, increase public accountability, improve Congressional decisionmaking, and improve the internal management of the federal government. The Act requires agencies to:

- Submit a **5-Year Strategic Plan** to the Office of Management and Budget. The plan outlines general goals and objectives, a process for achieving them, specific performance goals to be achieved, the external factors that may influence whether or not the goals are accomplished, and how results will be evaluated.
- Prepare an annual **Performance Plan** covering each program activity that which specifies objective, quantifiable and measurable performance goals: the indicators to be used in measuring outputs, service levels, and outcomes; how program results will be compared to performance targets; and how indicator information will be verified and validated.
- File annual **Program Performance Reports** that compare actual performance results achieved each year with the planned accomplishments for that year, explain why goals may not have been met and what actions will be taken as a result, and evaluate the existing Performance Plan in light of these results.

To help agencies improve their ability to account for the results of program spending, the Office of Management and Budget has instituted several initiatives to reform agency practice and augment agency collection and analysis of performance data. The

President's Management Agenda establishes government-wide and agency-specific goals to improve federal management and reinforce the executive branch's commitment to a results-oriented approach to delivery of government programs.<sup>2</sup> The Office of Management and Budget participates in assessing performance of programs through its Program Assessment Rating Tool (PART), which scores programs according to the character and clarity of their goals, performance measures, management practices and accomplishments.

Like other agencies, the Department of Housing and Urban Development has participated in the overall implementation of performance measurement activities under GPRA and the President's Management Agenda, including the PART process. The formula programs managed by HUD's Office of Community Planning and Development (CPD) also are included. The key CPD formula programs are the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Housing Opportunities for Persons with AIDS (HOPWA), and Emergency Shelter Grant (ESG) Programs.

OMB PART assessments have been carried out for the HOME and CDBG programs as part of the 2004 and 2005 budget process, respectively.<sup>3</sup> The assessment for the HOME program was favorable, in view of its clear goals and program targeting, quality of performance measures, strong management, and its progress in achieving performance goals. However, the PART Assessment also concluded that the CDBG program was "ineffective," overall, lacking clear goals, effective targeting, measurable outcomes linked to the program's long-term goals, and demonstrated no progress against long-term or annual goals.

Some of the difference between the HOME and CDBG PART scores may be attributed to the difficulty in measuring the outcomes of CDBG. CDBG allows a very broad range of eligible activities, and program activities, complicated by highly decentralized administration, in which most decisions are made by state and local governments, which also carry out program activities, record the results of these efforts, and report them to HUD.<sup>4</sup> As a result, accountability throughout these programs is critically dependent on the quality of grantee planning and data collection activities.

CPD staff has taken a series of steps to improve program performance assessment practice in CPD programs, partly in response to the sharp criticism of the CDBG program expressed by OMB throughout the PART process. The HUD Strategic Plan for 2003–2008 called for streamlining the consolidated planning process to make it more results-oriented and useful to communities.<sup>5</sup> Each grantee's Consolidated Plan outlines community needs, strategies, planned activities, and expected results as it seeks to

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<sup>2</sup> Executive Office of the President, Office of Management and Budget, *The President's Management Agenda, Fiscal Year 2002*.

<sup>3</sup> Office of Management and Budget, Department of Housing and Urban Development, PART Assessments, February 2004.

<sup>4</sup> State and local government agencies are called "grantees" under the CDBG, HOPWA and ESG Programs and "Participating Jurisdictions" under HOME. In this report, these agencies are called "grantees" for simplicity.

<sup>5</sup> HUD Strategic Plan, p. 25.

provide decent housing, create a suitable living environment, and expand economic opportunities, primarily for those of low and moderate incomes. The Consolidated Plan and the related Consolidated Annual Performance and Evaluation Report (CAPER), which reports on actual expenditures and accomplishments, can be useful tools for improving local performance measurement and accountability.<sup>6</sup> But they also contain elements that make them unwieldy to compile, difficult for ordinary citizens to understand, and as a result, less useful than they could be for performance assessment purposes.

CPD thereupon embarked on its Consolidated Plan Improvement Initiative, which resulted in identification of various kinds of charts, formats, and outcomes indicators that grantees might use to report performance data.<sup>7</sup> These and other materials and guidance are available online to any grantee that chooses to use them.

CPD also has embarked on a major upgrade to the Integrated Disbursement and Information System (IDIS), used by grantees to report expenditure, beneficiary and accomplishment information to HUD. It has been criticized in the past for being difficult to use and for containing errors, inconsistencies, and omissions that inhibit accurate reporting of program accomplishments for any grantee or the program as whole. The upgrade will correct errors in data already in the system, improve navigation through data entry screens, streamline data entry, and move the entire system to a Web-based interface.

But improvements to the Consolidated Plan and to IDIS will only be useful to grantees if they also put in place workable systems for the identification of output and outcome indicators, performance benchmarks, and methods of assessment that are both appropriate to community development programs and pass basic tests of reliability and validity. Fortunately, HUD's interest in seeing federal dollars spent more effectively is well-aligned with increasing local interest and sophistication in carrying out performance measurement, as exemplified by the national performance benchmarking efforts carried out by the International City/County Management Association (ICMA).<sup>8</sup>

To encourage performance measurement in CPD programs, in September 2003, CPD issued a notice "strongly encouraging" grantees to develop and use performance measurement systems.<sup>9</sup> Drawing on broadly accepted professional standards in the performance measurement field, the notice described the basic elements of a system, provided a suggested list of outcomes indicators from which to choose, and recommended sources of practical guidance on developing and using systems.

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<sup>6</sup> Specifically, 24 CFR Part 91, Sections 91.1–91.6.

<sup>7</sup> Office of Community Planning and Development, "Consolidated Plan Improvement Initiative Report: Lessons Learned."

<sup>8</sup> See <http://www.icma.org>.

<sup>9</sup> US Department of Housing and Urban Development, NOTICE: CPD-03-09, Development of State and Local Performance Measurement Systems for Community Planning and Development (CPD) Formula Grant Programs, September 3, 2003.



## **1.2 Why Research Was Needed**

The CPD entitlement programs pose special challenges for performance measurement. When the CDBG, HOME, HOPWA, and ESG programs were developed, Congress devolved decisionmaking authority to local and state governments. While the devolution of authority to grantees has resulted in a wide range of community-focused activities, it also added complexity to the performance measurement process. Flexibility in program design means that there is not simply one type of activity to measure nor is there one standard approach to delivering those activities. For example, under the CDBG Program alone, there are dozens of eligible activities. An effective performance measurement system must be able to capture the outcome of dozens of different activities across a wide variety of program participants.

While the September 3, 2003, notice outlined important local performance measurement procedures, many grantees, especially those new to performance measurement, sought hands-on models of effective measurement systems that they could adapt for local use. To provide this guidance to grantees in developing effective local performance measurement programs and to assist HUD in developing national approaches to performance measurement, HUD's Office of Policy Development and Research (PD&R), in partnership with CPD, contracted with the Economic Systems Inc. (ESI) research team to identify promising local performance measurement practices in community development.

This research identifies promising practices that can be adapted for use by grantees interested in building performance measurement and assessment capacity in community development programs. Each of the communities contributing promising practices to this report has discovered one or more ways to collect, analyze, and act upon performance information. Their experience should be helpful to other grantees as they pursue, together with HUD, more effective ways to create viable communities.

## **1.3 Conceptual Framework for Understanding and Evaluating Performance Measurement Practices**

Each of the grantees visited to compile this report approached performance measurement somewhat differently. Charlotte's performance measurement efforts were couched in the language of "Balanced Scorecard" in which the outcome of each activity was viewed from, and balanced among, four basic "perspectives," corresponding to the interests it serves. Austin's system used a "Managing for Results" framework, which distinguishes between "core" and "non-core" services.

Despite variation in local language, a common sequence of steps underlies the performance measurement systems these communities have adopted. The purpose of this section is to introduce a framework for designing performance measurement systems, describing how promising assessment practices *can* build on one another in a logical sequence to provide a complete and coherent picture of the impact of program activities. This framework provides a needed backdrop for the five case studies in several important

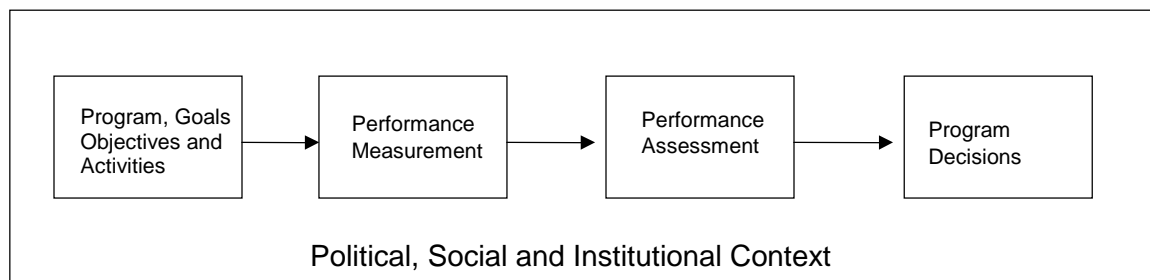
ways. First, it introduces the reader to the language and concepts of performance measurement. Second, it abstracts from local system variants to focus on the underlying principles of each system element, allowing the reader to compare differences across systems. Finally, these underlying principles also give rise to criteria against which the effectiveness of the performance measurement systems themselves are assessed.

In the framework, a performance measurement system can be represented as a *recurrent* (continuing over several budget cycles) sequence of activities that range from initial specification of program objectives to ultimate determinations about whether these objectives were met and to what degree. Framework elements include:

- *Pursuit of program goals, objectives and activities*, including the community development goals that grantees pursue in different kinds of neighborhoods, specific objectives to guide action, and the activities they design and carry out to realize these objectives.
- *Design and implementation of performance measures*, including development of output and outcome indicators at individual and community level to measure the results of community development activities in light of the objectives they are intended to accomplish.
- *Assessment of the results of performance measurement activities*, including analysis to attribute outcomes to programmatic activities.
- *Practical program decisions or choices*, in which the results of program performance measurement are communicated in ways that clarify choices regarding the content or administration of programs, and decisionmakers act on those choices.

These four basic activities or elements are carried out within a political, social, and institutional context that may affect selection of objectives; whether, how, and which activities are measured and assessed; and the practical value these efforts have to decisionmakers.

**Exhibit 1. Performance Measurement System**



The sections below elaborate on each of the four elements of performance measurement as they apply to the task of assessing community development programs. A final section addresses the role of the political, social, and institutional context and how it shapes implementation of these elements.

### ***1.3.1 Program Objectives and Activities***

Community development program goals echo the vision for change in the economic, social, physical, and housing circumstances of communities and the people who live in them. Community development program objectives include the broad actions that grantees carry out to achieve these goals, such as improvement in housing quality, investment in commercial establishments, and support for community organizations. Activities are the day-to-day operations that grantees select and implement to further community development program objectives, such as rehabilitation of retail street-fronts or loans to new small businesses.

Well-executed community development programs aim to create “viable urban communities” by assembling the public and private resources needed to build and sustain active residential and commercial markets. Generally speaking, grantees have the flexibility to use CPD community and housing development resources, as well as locally generated revenues, as they see fit to accomplish these goals and specific objectives, given the varied needs and opportunities they confront across very different neighborhoods.

One distinction that recurs in community development programs, including those reviewed for this report, is between *people* and *places* as preferred ways to think about community development policy. Some communities, like Charlotte and King County, emphasize the effect of community development investments on the character of the places where these investments take place. Charlotte gives priority to nine distressed communities, aiming to use community development programs to increase neighborhood quality, perceptions of safety, and community strength in these places. King County aims to promote affordable housing in selected growth nodes within the county, so as to increase densities in some places, and preserve open space in other places. Other grantees, like Burlington, Minneapolis, and Austin, prefer not to target funding to particular neighborhoods, but to aid poor people regardless of where they reside. Of course, every city visited pursues, to a degree, both of these approaches.

Each grantee sets out community development program objectives in its Consolidated Plan, as required by HUD. But in this report, much of the information about goals, objectives, and activities—and corresponding performance measures—was drawn from local documents. Charlotte and Austin, for example, incorporated the most important of these in Business Plans, which show how agency resources are mobilized to accomplish its goals and how staff plans to track whether they have been successful in meeting them. Each city’s budget process also included statements about strategies, activities, resources and measures. In some respects, these planning and budget documents were more useful as statements about local community development goals than the federally required documents; they were part of a local process that cuts across all city agencies.

### ***1.3.2 Performance Measurement***

The community development priorities set by grantees have a lot to do with the types of measures they devise. Charlotte’s interest in area revitalization has led it to devise a way

to measure neighborhood quality and track it over time. Burlington’s focus on housing affordability is served by its measures of housing cost burden. Minneapolis’ concern for city economic development has led it to track the “employment gap” between city and suburbs. And regardless of community development priorities, each grantee’s interest in more efficient delivery of services has driven measurement of production levels and the financial or human “inputs” needed to achieve these levels.

Performance measurement encompasses the design, collection, and verification of data needed to identify and measure program inputs, outputs, and outcomes. Inputs are the resources that are dedicated to or consumed by the program. Outputs are the *internal activities* of a program (that is, the products or services that are delivered). Outcomes refer to the benefits to the public/program participant that are *external* to the program. Outcomes can be broken down into those pertaining to individuals and communities—people and places—and each of these can be further divided into intermediate and end outcomes. See Glossary at end of this chapter for definitions of key terms.

For example, the staff and financial resources (inputs) are needed to upgrade rental properties from a deteriorated to a standard condition (outputs). These outputs, in turn, will produce economic benefits to individuals (outcomes) as indicated by reduced rents compared to their previous dwellings or comparison of the physical rating (or resident satisfaction level) of new and previously occupied units. Improvements of a neighborhood park may increase the numbers of people using the park or their satisfaction with the amenities the park provides.

Taken together, these individual programmatic improvements may lead to increases in neighborhood quality—they may produce community-level outcomes. The combined effects of blighted property renovations, turnaround of a neighborhood park, rehabilitation of commercial strip facades, and other improvement activities may signal to homeowners and other rental property owners that investment in the neighborhood will prove economically rewarding.

**Exhibit 2. Example of Performance Measures**

Outcomes		
Programs	Indicators of Individual Benefit	Community Intermediate & End Indicators
Rental Housing Rehabilitation	Increase in unit affordability Improved dwelling unit quality Enhanced physical appearance of buildings	<u>Ultimate Indicators</u> Increase in property values; Reductions in number of poverty households
Neighborhood Park Improvements	Increase in park usage Increased participation in youth programs Enhanced physical appearance of community areas Increased public satisfaction with park facilities or programs.	<u>Intermediate Indicators</u> Reduced code violations; Increase in evening pedestrian traffic

Selection and implementation of measures must meet basic criteria of validity and reliability. Each grantee makes decisions concerning the number of inputs, outputs and outcomes that are measured; the relative importance they give to one or more of key indicators; and the number of objectives or activities that are subject to performance measurement. Each grantee has established quality assurance methods, which consist of the procedures used to assemble, record, verify, and transmit information.

### ***1.3.3 Performance Assessment***

*Assessment* refers to analysis of the results of performance measurement activities, including analysis to attribute outcomes to program activities. Every program draws links between objectives, activities, outputs, and outcomes. Subsequent measurement and analysis are needed to demonstrate the extent to which these links are valid.

Because of the many factors that impinge on both individuals and communities, convincing demonstrations of the value of project activities are difficult to make. For instance, in pursuit of the objective to stabilize the population of a neighborhood, a community might engage in activities such as assigning more police officers to the area, adding an after-school program for teenagers, and demolishing abandoned and uninhabitable buildings. The community could easily measure the number of arrests made by police, the number of teenagers enrolled in the new program, and the number of businesses that move into the area after problem buildings are removed. The community could also count the number of residents before and after these programs are implemented.

However, the difficulty lies in knowing whether residents stay or go because of these programs or because of job loss, the availability of other options, family ties, or other reasons. When programs are only partially or not at all funded by CDBG, teasing out the impact of CDBG dollars becomes even more complex. To help sort out these aspects of assessment, and to tie them back to the measures used by programs, communities commonly use a “logic model.” This model provides those involved in performance assessment a tool for establishing logical relationships between programs and the results they are intended to produce. Because logic models have come into increasing use in performance assessment, including use in King County, one of the five study sites, a diagram of a basic logic model is included in the Glossary at the end of this chapter.

### ***1.3.4 Program Decisions***

To be useful, performance measurement and analysis activities should inform practical program *decisions or choices*. However advanced a performance measurement system is, technically, it is only of policy interest if program managers, decisionmakers and community stakeholders find it useful. As have other agencies, the local agencies

reviewed in this report have found that performance assessment in community development has proven useful to do some of the following:<sup>10</sup>

- **Trigger corrective action**, including such actions as the identification of problem areas and their causes, enforcement activities, technical assistance provision, and reducing or defunding poor performers. Performance-based contracting is an example of this use.
- **Identify and encourage better practices** by highlighting effective programs or practices and encouraging their adoption by other programs, implementing agencies, nonprofit service providers, and so on.
- **Motivate staff**, including such actions as setting performance standards (for staff or contractors) and recognizing and rewarding high-performing offices or contractors.
- **Plan and budget**, including setting priorities, allocating resources, setting plans or targets, justifying funding requests, informing budget projections, and other activities.

The obstacles agency managers encountered in attempts to use outcome data were identified, including uneven data quality; shifting policies or uncertain support from higher-level decisionmakers; skepticism on the part of agency staff; uncertainty in budgets, programs, and strategic priorities; and other factors. Despite these difficulties, most managers valued the use of performance measurement in community development.

### ***1.3.5 Political, Social and Institutional Context***

Performance measurement systems must take into account the role of constraints that force evaluators to deviate from the model. Implementation occurs in a context of political, social, and institutional constraints. These constraints arise, for example, from the relative strength of different political interests, variation in types of neighborhoods, local governance structures, or relationships among groups. These factors will shape the implementation of performance measurement in community development and are discussed at the end of each section in Chapter 2.

## **1.4 Study Methodology**

The goals of the study were to identify and document promising local practices in performance measurement and to share the lessons learned with other localities as they think about implementing their own performance measurement system. These selected performance measurement systems were developed prior to the September 2003 HUD notice on performance measurement. However, the lessons learned from the case studies can assist other grantees to develop the types of performance measurement systems envisioned by the Department. Other grantees are not encouraged simply to adopt the

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<sup>10</sup>*How Federal Programs Use Outcome Information: Opportunities for Federal Managers* (Hatry, Morley, Rossman, Wholey, 2003). This report draws on interviews with federal managers to categorize the ways in which they used outcome information; it provides numerous examples from actual practice.

exact systems designed by one of the five case study sites. It is important to take the lessons learned and then use them in the context of local needs and program goals.

Every performance measurement system might contain many (or all) of the elements found in Exhibit 2, but not all are well designed or implemented. The following criteria will be used to structure an evaluation of the grantee's performance measurement system:

- **Technical quality** of the measurement systems, and the logical and evidentiary links between elements of the measurement sequence;
- **Value to decisionmakers** or their uses of performance measures;
- **Transferability** or the ease with which good performance measurement practice can be adopted by communities that have not had prior experience with it; and
- **Standardization**, or possibilities for aggregating information across various levels of analysis to arrive at neighborhood-, program- or city-level program assessments.

In specific situations, these criteria may be related to one another. For example, better quality systems produce information of more value to decisionmakers than worse quality systems, all things equal. But data of uncertain quality can have great value under some circumstances (as when there is little else to go on), and high-quality data may have little value under other circumstances (as when it is not relevant to a program decision). Assessment of value and quality is independent of the assessment of the transferability of systems to other places. And this is related to the fourth criterion—whether system information can be standardized across levels of analysis.

#### ***1.4.1. Data Collection Methods***

The research approach consisted of intensive data collection, interviews, and review of documents at a small number of local grantees that are actively involved in the use of performance measurement for community development programs. Semi-structured interviews were conducted with a wide range of decisionmakers, technicians, and stakeholders. These included, for example, the director of housing and community development; representatives of the local governmental unit tasked with oversight/audit of program performance and funding; staff from budget and program offices; major subrecipients; and elected officials. After visiting each of the sites, the ESI Team compared the five performance measurement systems and sought common lessons and challenges.

This in-depth case study approach and the team's previous performance management system experience assisted the researchers in describing the sequence of steps involved in assessing local community development program performance. The study also examined and documented any particularly challenging situation or condition that might inhibit or facilitate implementation of effective performance measurement practices.

#### *1.4.2. Selection of Site Visit Communities*

To select the five communities that contributed data to this research, the study team relied on the expert judgment of HUD staff, supplemented by the team's experience in performance measurement and neighborhood indicator systems. The selection process gave priority to communities that fared best on the following:

- Performance measurement system technical quality, including any known evidence that the community uses outcome indicators (not just outputs). These indicators include both individual-level and community-level outcomes, and that frequency and quality of reporting.
- Evidence of system value to decisionmakers, including whether program managers use outcome data throughout the year, as well as whether they set targets for each outcome indicator.
- System coverage of multiple community development activities.
- Expected cooperation with study team.
- Regional dispersion.

Of a list of 23 “finalists” the five that best met the site selection criteria were: Charlotte (North Carolina), Austin (Texas), Minneapolis (Minnesota), King County (Washington), and Burlington (Vermont). These include one urban county, one large city (over 600,000 population), two small- to medium-sized cities (between 200,000 and 600,000 population) and one small city (under 200,000 population).



## GLOSSARY OF KEY PERFORMANCE MEASUREMENT TERMS

**Inputs** are the resources that are dedicated to or consumed by the program. Examples include money, staff and staff time, equipment, and supplies. Inputs also include constraints on the program, such as political context, laws, regulations, and requirements for receipt of funding.

**Activities** are what the program does with inputs to fulfill its mission. Activities include the strategies, techniques, and types of treatment that comprise the program's production process or service methodology. Examples include marketing programs, screening applicants, processing loans, conducting inspections, etc. Program *activities* result in *outputs*.

**Logic Models** are a powerful approach to working through what and how a program is expected to produce for the community. The Logic Model is well elaborated in the W.K. Kellogg Foundation's *Logic Model Development Guide*.<sup>11</sup> The model establishes clear and complete linkages between the work the program is going to do—*resources and activities*—and the results that the program is intended to produce—*outputs, outcomes, and impacts*. Exhibit 3 illustrates these relationships.

**Outputs** refer to the *internal results* of a program (that is, the products or services that are delivered). Measuring outputs answers the question "What has the program done to achieve its goal or purpose?" Outputs are typically measured in terms of the volume of work accomplished. In the housing field, for instance, typical outputs include number of customers served, number of loan applications processed, number of units constructed, number of homes rehabilitated, etc. A program's *outputs* should produce desired *outcomes* for the public and/or program participants

**Outcomes** refer to the benefits to the public/program participant that are *external* to the program. Measuring outcomes helps you answer the question "What effect has the program had on its participants or the community?" Outcomes typically relate to a change in condition, status, attitudes, skills, knowledge, or behavior. Examples of outcomes include improved quality of life for program participants, increased housing stability, improved quality of the local housing stock, increased customer satisfaction, revitalization of a neighborhood, etc.

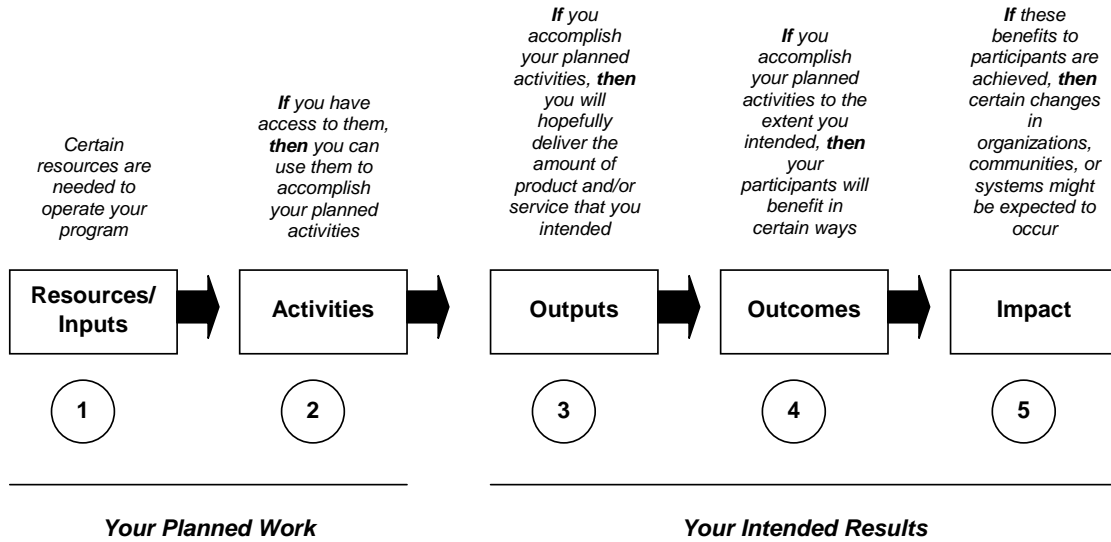
**Outcome Indicators** are the numeric measures of whether an outcome has been achieved. For example, if the desired outcome is increased housing stability, the outcome indicators might include changes in homeownership rates, the number of substandard units, or numbers of families moving out. There can be many indicators that help to support a particular outcome.

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<sup>11</sup> Web link: <http://www.wkkf.org/Pubs/Tools/Evaluation/Pub3669.pdf>

**Efficiency Measures** capture a program’s ability to implement its *activities* and achieve results (both *outputs* and *outcomes*) relative to inputs. Typically, the most useful kind of efficiency measure addresses the cost or time to achieve a unit of outcome.

**Exhibit 3. Basic Logic Model**



Source: W.K. Kellogg Foundation, Logic Model Development Guide.

## **Chapter 2. LOCAL PERFORMANCE MEASUREMENT SYSTEMS**

This chapter describes the ways that each of the five study communities applied the national performance measurement approaches to their local programs. It highlights how each of the communities selects outcome and output goals and how it tracks progress against those goals. It also highlights key tools and techniques that can be replicated by other communities.

### **Introduction**

This chapter describes the performance measurement systems the five study communities have developed to manage their local programs. It will highlight how each of the communities selects outcome and output goals and how it tracks progress against those goals. It also highlights key tools and techniques that can be adapted by other communities. Each case study begins with a brief summary of the locality and its community development programs. The following sections discuss: the objectives and events prompting development of each system; key system features; key partners, their roles and oversight responsibilities; and performance measures used. Each section notes effective tools and techniques and the challenges faced by each community in implementing the system.

The five communities selected for the study represent the diversity of program and activity choices made possible by the devolved character of decision-making in CPD programs. Each community chose program goals based upon local needs and interests. For example, Burlington, Minneapolis, and Austin allocate resources for affordable housing on the basis of community-wide goals, without explicitly targeting specific neighborhoods. Charlotte chose a mixed approach, targeting resources to certain cohorts of households and individuals, as well as specific neighborhood revitalization areas, hoping to induce sustained change for the better. King County sought to steer growth away from rural parts of the county by investing housing, commercial development, and transportation funding to create high-density growth nodes. However, every city visited pursued, to a degree, a combination of these approaches.

Each of the five selected communities has developed a performance measurement system in order to track the results of its programs and account for how public monies were being spent. It is important to note that none of these systems was designed exclusively to measure the outcomes of local housing and community development programs or, specifically, HUD's CPD programs. Rather, housing and community development were single elements of government-wide efforts to measure the results of city or county operations -- efforts developed in response to unique local pressures and initiatives.

## 2.1 Charlotte, North Carolina

### 2.1.1 Overview of Performance Measurement System

The city of Charlotte's performance measurement system imparts strategic direction to the activities carried out by the smallest operating units by creating a nested series of performance measures that reach from the City Council level down to performance plans for individual staff members. The City Council's five strategic Focus Areas for the city drive city manager development of the Focus Area Plan, which outlines the most important performance indicators in each general area. These indicators, in turn, are drawn from the city's *Balanced Scorecard*, a more expansive set of indicators for each agency, or "Key Business Unit." This Balanced Scorecard (BSC)<sup>12</sup> borrows from a business school model devised in the 1990s, which ties corporate strategic plans to performance information and action across four interrelated "perspectives," which translate into corresponding agency objectives. As stated in the Charlotte scorecard, these objectives are to:

- *Serve the Customer*, by responding to how beneficiaries, employees, and other key stakeholders evaluate an agency's product;
- *Manage Resources*, by responding to financial and business imperatives, such as achieving a balance of city revenues and costs;
- *Run the Business*, by responding to the need to devise and implement the administrative processes needed to serve the customer and manage resources appropriately; and
- *Develop Employees*, by investing in the human resources needed to enable agencies to anticipate, assess and respond to changing conditions or emerging opportunities.

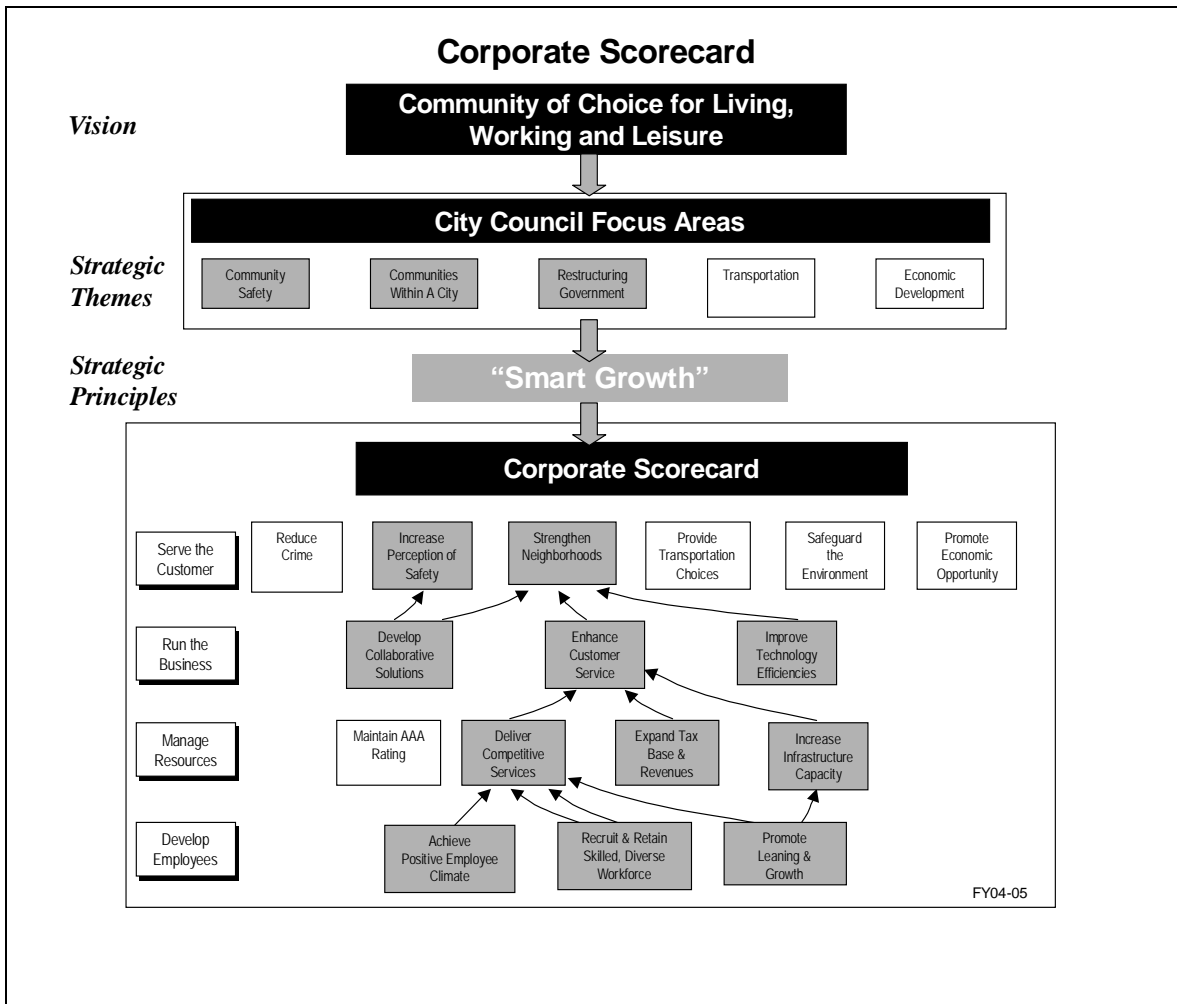
Exhibit 4 shows the City's Corporate Scorecard, which relates the City Council's five Focus Areas (strategic themes) to strategic principles or goals corresponding to each of the four "perspectives."

In each of these focus areas, the BSC calls for each part of city government to identify *objectives* for fulfilling the organization's vision and strategic plans, *measures* for evaluating progress in meeting objectives, *targets* toward which managers should strive, and *initiatives* for action that are required to fulfill the objectives.

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<sup>12</sup> See Robert S. Kaplan, David P. Norton (1996) *The Balanced Scorecard : Translating Strategy into Action*. Boston: Harvard Business School Press. In this seminal work, Kaplan and Norton feature Charlotte's early implementation of BSC as an example of applying the model in a governmental organization.

Exhibit 4. Corporate Scorecard (FY 2004 BP)



Source: City of Charlotte, Neighborhood Development Business Plan, Fiscal Year 2004.

In turn, each agency creates its own “scorecards,” which capture the most important elements from the work plans drafted by individual operating divisions. Each Key Business Unit (KBU) produces a biennial Strategic Operating Plan and an annual Business Plan, which includes an agency-level Balanced Scorecard with specific performance targets and outcome and output measures for each of the City Council Focus Areas and the City’s Corporate Scorecard Objectives. Finally, each division sets personal performance targets for individual employees. In short, the city’s performance measurement process consists of a kind of pyramid of indicators, in which only the most important measures at each level filter up to decisionmakers at each next higher level.

### 2.1.2 Community Development Goals and Activities

The Charlotte City Council’s five Focus Areas, or strategic themes, include Transportation, Economic Development, Restructuring Government, Community Safety,

and City-Within-A-City<sup>13</sup> (CWAC), which pertains to the overall vitality of 73 inner city neighborhoods. A council committee for each Focus Area, including CWAC, works with an executive branch Focus Area 'Cabinet,' to set policies and monitor progress and to develop and recommend high-level performance measures for the City's Balanced Scorecard. The CWAC Focus Areas falls under the purview of the Neighborhood Cabinet, made up of the directors of the Neighborhood Development Department, the Police Chief, a Deputy City Manager, and other senior staff. This same cabinet also is responsible for the Public Safety focus area, which means that Neighborhood Development is expected to help the city accomplish its goals both the CWAC and Community Safety Focus Areas. By the same token, the Police Department is expected to contribute to carrying out CWAC goals, such as contributing to overall neighborhood health.

Reflecting this emphasis on community vitality, Charlotte's community development goals and activities are generally targeted to a small number of deeply distressed neighborhoods. The Council has designated nine "revitalization neighborhoods"- Belmont, Druid Hills, Grier Heights, Lakewood, Lincoln Heights, Reid Park, Thomasboro-Hoskins, Washington Heights, and Wingate. Each neighborhood develops neighborhood action plans for revitalization efforts that draw on multiple agencies and activities. Each plan is organized into major areas of concern: infrastructure/housing, employment and economic development, public safety, human services, and community organizing. The community organizing area is particularly noteworthy because it underscores the recognition by Neighborhood Development that fragile neighborhoods need to develop strong civil organizations and leadership capabilities to sustain improvements enabled by public and private investments.

Neighborhood Development carries out its neighborhood revitalization tasks through three operating and one staff division:

- Housing Services carries out development funding, land acquisition, lead paint reduction;
- Neighborhood Services handles neighborhood planning and capacity building;
- Code Enforcement Services; and
- Key Business Support Services, which performs policy, financial, personnel, and information management tasks in support of the other divisions.

Neighborhood Development carries out its activities on a FY 2004 budget of \$51.5 million, consisting of roughly \$9.2 million in CDBG, HOME, ESG, and HOPWA funds, \$83 million in Public Housing funds to the Charlotte Housing Authority, \$3.4 million in workforce development funds, \$1.3 in lead hazard reduction funds, \$23.3 million in local funds (with \$14 million composed of public infrastructure spending) and \$8 million in Housing Revenue Bonds used to capitalize a Housing Trust Fund.

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<sup>13</sup> In 2003 the City-Within-A-City focus area was expanded to cover all 173 neighborhoods, and renamed Communities-Within-A-City. The targeting of resources to the nine Fragile neighborhoods continues, however.

### ***2.1.3 Performance Measures and Assessment***

The Neighborhood Development Balanced Scorecard is shown on Exhibit 5.

The Neighborhood Development work plan links strategic objectives and agency-wide targets to specific work targets. For example, the strategic target of producing 1,000 new or renovated units in FY 2004 is tied to specific work targets in rehabilitation, lead-based paint, and urgent repair. Actual work completed is then tracked against these targets.

Data on the program outputs that make up much of the corporate and departmental Balanced Scorecard, such as units built and rehabbed, are collected in the conventional way, through the Consolidated Plan monitoring process and subrecipient reports. Output targets are tied to elements of required HUD reporting under the Consolidated Plan, including the Action Plan and the Consolidated Annual Performance and Evaluation Report (CAPER), and to the Corporate Strategy (City of Charlotte). These are reviewed in the Budget Office. The Budget Office usually has no issue with the indicators selected by Neighborhood Development, although questions to clarify the meaning of an indicator will sometimes be raised.

Exhibit 5. FY 2004 Neighborhood Development Balanced Scorecard

FY 2004 Neighborhood Development Balanced Scorecard								
	Corporate Strategic	FY04-05	KBU Outcome/Output	Lead or Lag	Performance Targets			
	Objectives	Strategic Initiatives	Measures		FY02 Actual	FY03 Actual	FY04 Target	FY05 Target
Serve the Customer	C1) Increase Perception of Safety	Train Police Officers on enforcing property and appearance codes	1. Number of housing code compliances	Lag	2,100	1,722	2,150	2,250
			2. Number of property and appearance code compliances	Lag	25,000	25,000	25,000	25,000
	C2) Strengthen Neighborhoods	Develop mechanism to track and communicate neighborhood achievements  Collaborate with other Key Business Units to acquire land along transit corridors for future affordable housing	3. Percent of Area Implementation Plans achieved (Annual KBU target)	Lag	97%	96%	95%	95%
			4. Percent of Capacity Building successes	Lag	NA	75%	80%	85%
			5. Number of new and renovated units completed with City funds	Lag	426	658	1,000	1,000
	C3) Promote Economic Opportunity		6. Number of homeowners created with City funds	Lag	541	548	300	500
Run the Business	B1) Develop Collaborative Solutions		7. Percent of Workforce Development targets achieved	Lag	44%	84%	90%	90%
	B2) Enhance Customer Service		8. Number of new or expanded financial partnerships	Lag	2	3	3	3
	B3) Improve Technology Efficiencies	Install Code Information Systems	9. Percent of Customer Satisfaction achieved (Annual KBU Survey)	Lag	94%	94%	90%	90%
Manage Resources	R1) Deliver Competitive Services		10. Number of information management projects completed ( <i>Stretch Target</i> )	Lag	0	0	1	1
	R2) Expand Tax Base & Revenues		11. Number of completed competition, privatization or optimization projects	Lag	2	4	1	3
	R3) Invest in Infrastructure		12. Ratio of housing funds leveraged with City funds	Lag	1/6	1/15	1/6	1/6
Develop Employees	E1) Achieve Positive Employee Climate	Undertake teamwork, employee training and development and supervisor training initiatives	13. Number of neighborhood improvement projects completed	Lag	6	6	6	6
	E2) Recruit & Retain Skilled Employees		14. Percent of Employee Satisfaction achieved (Annual KBU Survey)	Lag	81%	78%	90%	90%
	E3) Promote Learning & Growth		15. Percent of Employee Turnover	Lag	N/A	9.8%	10%	10%
			16. Percent of employees completing 75% of their continuing education plan	Lag	100%	100%	100%	100%

N/A Not Available

Source: City of Charlotte, Neighborhood Development Business Plan, Fiscal Year 2004.

**Quality of Life Index (QOL).** Neighborhood Development resource allocation is shaped by, and performance-tested with, the QOL Index, a summary measure of neighborhood health comprising individual ratings of neighborhood social, physical, public safety, and economic dimensions. Computed biennially, the QOL Index measures the city's progress toward changing neighborhoods among three states: from "Fragile" to "Threatened" to "Stable." This is the true outcome measure of the Key Business Unit's contribution to creating and maintaining Stable neighborhoods.

Summary ratings are used to group neighborhoods into three categories:

- Stable neighborhoods are those that have few social problems, low rates of crime, few infrastructure and housing needs, and high levels of economic vitality. These are neighborhoods with high ratings on the social, physical, crime, and economic dimensions.



- Threatened neighborhoods are those with relatively high ratings on most of the dimensions. These neighborhoods may have significant problems on one or more dimensions. This is regarded as a “threat” to neighborhood quality of life.
- Fragile neighborhoods generally have low to moderate scores across all dimensions. A Fragile neighborhood has a lower quality of life and is “at risk” on multiple dimensions. (City of Charlotte Strategic Focus Area Plan, 2004-2005).

The QOL primary objective is to focus attention and resources on a limited number of high-crime Fragile neighborhoods, and to track progress in these neighborhoods over time. The Balanced Scorecard calls for gradual improvement in the overall number of Stable neighborhoods. The Focus Area targets set in 2002 call for an increased in the number of Stable neighborhoods from 100 to 102 by moving several neighborhoods from the Threatened category.

It is worth emphasizing that local staff made no attempt to attribute changes in the indicators to any specific agency activity or group of activities. Rather, division managers, agency heads, city manager staff, and council members understand that neighborhood change is too complex to be attributed to specific causes and that, in any event, neighborhood progress depends critically on the contributions of the city’s “partners,” including private sector financial institutions, neighborhood leaders, and others.

Agency managers have accepted that the QOL Index is less than perfect. Among the issues that local staff raise about the index:

- The index could benefit from a more complete list of variables, including more than the two “economic” variables in the index—percent of persons on food stamps and percent change in income 1990 to 2001—and the lack of health variables. Especially troublesome is lack of information on community capacity, which is an important focus of agency activities.
- The index “grades on the curve,” meaning that each neighborhood’s index rating is calculated relative to the performance of all other neighborhoods. For example, if crime rates improve in all neighborhoods—a good outcome by any standard—any neighborhood’s performance on the safety component of the index might remain Stable. In other words, the city might be making good progress in improving neighborhood quality, but the index might not show it.
- In the future, changing agency service areas may unhinge tracking of neighborhood change from the activities of city agencies. For example, code enforcement inspection areas may not be the same as police districts. In the past, code areas were redrawn to conform to police districts, but the police change boundaries every few years to match shifting areas of high crime.
- The index is a measure of attributes of people within a particular area, but it cannot distinguish among persons who reside in the area continuously, and those who have moved in since the last application of the measure. This is a problem in many area-based measures, or indices, but local managers worry that some neighborhood improvements may come at the expense of those who

are forced out as added demand for homes in an improving neighborhood drives up rents and prices.

**Management Information Systems.** City of Charlotte senior managers understand that the Quality of Life Index, valuable as it is, cannot capture all of the information of importance to agency managers in any given year; crucial aspects of performance must be measured in other ways. The QOL Index measures are only available biennially. Therefore, Neighborhood Development annually tracks progress and achievement in its Balanced Scorecard, primarily through output measures that influence the variables in the QOL Index. These measures are primarily quantitative indicators of achievements in delivering services to neighborhoods. Its qualitative measures are customer and neighborhood satisfaction surveys conducted annually.

Overall, if Neighborhood Development is successful in achieving these outputs, the quality of life indicators in Charlotte's neighborhoods will improve and be reflected in a more positive rating in the Neighborhood Quality of Life Index.<sup>14</sup>

**Customer and Employee Satisfaction Surveys.** Customer and employee satisfaction targets figure prominently in the scorecard. Each spring, a contractor conducts a survey with 500 customers of Neighborhood Development in the past year, based on names sampled from various agency databases. These surveys provide information that feeds directly into tracking progress against agency targets. In addition, the Code Enforcement division surveys each of its clients by postcard, an effort that supplements feedback from the annual survey. Finally, the citywide customer service division follows up on complaints that come in through a hotline maintained by the city manager's office.

#### ***2.1.4 Decisionmaking***

One of the key lessons of Charlotte's performance management system is that no single source of information can support conclusive assessments about performance of any program, activity, or agency. At the neighborhood, agency, city manager, and council levels, staff and managers draw on agency output information, neighborhood change data, citizen satisfaction survey data, and direct observation of individual projects and their results. In fact, the city council continues to test agency "performance" by also relying on the time-honored method of hearing and responding to citizen complaints.

To be useful, these varied sources of performance information need not be tightly woven into a seamless system of objectives, indicators, and targets. As an example, each neighborhood action plan outlines the problems, objectives, and implementation steps needed to meet the urgent priorities of local residents. Each plan element corresponds to an objective, one or more outcome indicators and associated targets, and the QOL Index group affected, thereby linking neighborhood action to city priorities. However, each neighborhood plan is different—developed by different residents and agency staff facing a different set of needs. The city does not attempt to roll up these plans into a single body of measures, nor does it attempt to impose needless consistency across very different neighborhoods.

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<sup>14</sup>FY 2004 Neighborhood Development Business Plan

Further, the system relies on a layering of measures. The measures passed up to each level of decisionmaking are those used in the performance system at that level. This allows decisionmakers to avoid being swamped by dozens of measures, only a few of which are directly relevant to their decisions. The city council relies on a few select measures of the most important objectives specified in each Focus Area, drawn from the literally hundreds of measures in use across agency operating division work plans.

The Charlotte experience points up the considerable value that performance measurement can deliver in the community development field. A review of on-the-ground experience uncovered how performance measurement aided agency management and decisionmaking in: (1) policymaking, (2) interagency cooperation, (3) staff and contractor performance, and (4) operations and financial management.

**Policymaking.** Perhaps the most important contribution of the Charlotte performance measurement system is to clarify the responsibilities of policymakers on the one hand and agency managers on the other. An institutionalized system that sets agency targets and holds agencies accountable for results also forces council members to consider how their requests to agencies might affect their ability to meet the targets.

For example, it is not unknown in Charlotte, as in other cities, for council members to respond to emerging needs by asking agencies to redirect funding already committed to other uses. If agency managers can respond in turn by showing that a \$1,000,000 reprogramming would lead to a loss of 60 affordable housing units, for example, which would mean a 50 percent reduction in progress toward their annual target, council members must then face the very real tradeoffs involved if their request is to be satisfied. In Charlotte, agency managers believe that as performance measurement systems gain local acceptance, the temptation for council members and committees to intervene in the day-to-day agency decisionmaking goes down.

Thus, the classification function served by the QOL Index enables decisionmakers to shape interventions to match neighborhood needs. As some neighborhoods have made genuine progress, as measured by their performance on the Index, they have been graduated out of the Fragile neighborhood category a Threatened status and continued on their way toward Stable status. Other neighborhoods, like Washington Heights and Thomasville, were added because key quality indicators were in decline. Although agency leaders report some neighborhood resistance to being labeled Fragile, city leaders persevered, and the resulting concentration of investments promises more improvement than would a system that spread them out more broadly.

**Interagency cooperation.** Successful community development depends heavily on the ability of agencies to cooperate with one another. The infrastructure maintained by Public Works, safe streets ensured by Public Safety, affordable housing built by Neighborhood Development, job training provided by Workforce Development--all must come together to promote higher quality neighborhoods where people want to live and work. In fact, Charlotte's administrative arrangements foster interagency cooperation; the Focus Area Cabinets do this at the level of agency heads; neighborhood action teams do this at the staff level.

Both the Focus Area Cabinets and the neighborhood action teams use performance information to track progress toward goals that can only be reached through agency cooperation. However, city officials acknowledge that the relationship between agency activities and results on the QOL is unclear and that Neighborhood Development or other agencies' programs may have no direct impact on large parts of the QOL Index (such as education and social services), which are the responsibilities of other levels of government. Rather than link QOL outcome indicators closely to program outputs with a view to holding agencies directly accountable for neighborhood change, the QOL Index is used as a guidepost to investment and an advance warning of possible neighborhood deterioration.

**Staff and Contractor Performance.** One hallmark of the Charlotte system is the explicitly drawn link between individual employee performance and the overall performance of operating divisions and agencies. Since the system's inception, agency managers have worked hard to promote individual acceptance of this link, which was resisted in the past. This resistance turned on the understandable fear that employees would be held accountable for results over which they have no control. For instance, successful completion of multifamily housing units rests on the effective cooperation of other agencies and private organizations, not just efforts of individual staff members.

Critical to overcoming this resistance is communication of a culture of honest communication among employees and supervisors, who discuss individual and group progress at regular intervals. A monthly Balanced Scorecard report displays a status indicator tied to percentage of a goal completed relative to time elapsed. This report is discussed among division heads at the agency level and among supervisors within each division. Supervisors in turn meet with the employees in their group to talk about progress. Everyone seems to recognize that, if scorecard targets are not being met, there is usually a reason that does not entail some kind of blame for poor performance. For instance, shortfalls in meeting targets sometimes arise because of funds reprogramming, not because of a staff letdown of some kind.

It is important to note that the process does seem to motivate employees to harder, more creative work. In fact, employees have been known to put upward pressure on their supervisors to introduce new ways of carrying out work so as to avoid monthly explanations for why targets are not being met. It is also worth noting, however, that managers still face very real difficulties in applying performance indicators to individual staff appraisals. Several officials noted that employees' preoccupation with their own performance targets could sometimes deter them from cooperating with others to carry out joint projects not included in the targets.

A similar linkage between the balanced scorecard objective and performance indicators pertains to subrecipient agencies, as well. Performance targets are included in subrecipient agreements, and the Monitoring Division tracks outputs against these targets to assess subrecipient performance. This information is of value primarily to identify really bad service models or providers or exceptionally good ones--which can lead to overall improvements to program delivery.

**Operations and Financial Management.** Much of the work of day-to-day agency management entails incremental reallocation of personnel and other resources to meet short-term goals. Tracking of progress against output targets has contributed to improved financial management of community development programs by signaling areas where expenditures are likely to be stalled and others where funds can be used more readily, leading to an overall increase in drawdown rates. Results from customer surveys generally are useful to signal customer service expectations and also highlight individual instances in which situations or employee practices have led to dissatisfaction.

### *2.1.5 Factors Influencing Adoption and Operation of Performance Measures*

The Charlotte experience shows how deep the commitment to performance measurement has to be in order to design and implement a system that generates real value. It appears as if no aspect of Charlotte city government has remained untouched. Everything from compensation systems, training and other human resources, management information, funds programming, and budgeting was drawn into the system—a thoroughgoing transformation.

Charlotte's stimulus turned out to be a budget crisis that led city managers and elected officials to seek ways to get more for their money, allowing them to maintain service levels where funds were cut or to respond to increased demands for service where budgets were flat. Several other aspects of Charlotte's policy environment, however, contributed to the city's ability to embark on such thoroughgoing embrace of performance measurement:

- There is a considerable amount of continuity in council strategic focus, which allows agencies to establish and work with a settled set of indicators. This continuity rests in part on a stable cadre of city government long-timers: a 30-year city manager, department heads with 20-year tenures and more, and a city council that turns over slowly.
- The city manager form of government has boosted professionalism in government, and has encouraged a policy-oriented council that tends not to intervene in day-to-day decisionmaking, a division of labor that helps incubate effective performance measurement and is reinforced by it, as the preceding discussion has shown.
- The City of Charlotte and its political and civic leadership embrace a businesslike approach to management that welcomes performance measurement as a path to effective and accountable government.
- Finally, there is a well-developed cadre of communities that share information about good practices, typically among those at the city manager, budget office, and other staff agency levels. Charlotte took advantage both of information available through these networks and the availability of an already-developed performance measurement approach.

## **2.2 Austin, Texas**

The Austin performance measurement system, in place for over 4 years, is the culmination of considerable effort to refine measures, improve measurement quality, and implement business management and budgeting procedures that encourage effective performance measurement. The system is generally regarded among professionals in the field as one of the best in the country.

### ***2.2.1 Overview of Performance Measurement System***

Performance measurement for each City of Austin department is incorporated into the Managing for Results business process,<sup>15</sup> based on widely recognized principles, including the groundbreaking work of W. Edwards Deming and Walter A. Shewhart.<sup>16</sup> Managing for Results strives for close alignment of city and departmental goals, strategic plans, budget and activities, and the use of performance measurement to assess attainment of goals and objectives.

As practiced in Austin, Managing for Results comprises 29 distinct steps as shown in Exhibit 6. The most noteworthy feature of the process is that it embeds performance measurement activities into an overall sequence of business planning and management, which includes strategic goal setting, the budget process, and other steps. In the Flow Chart:

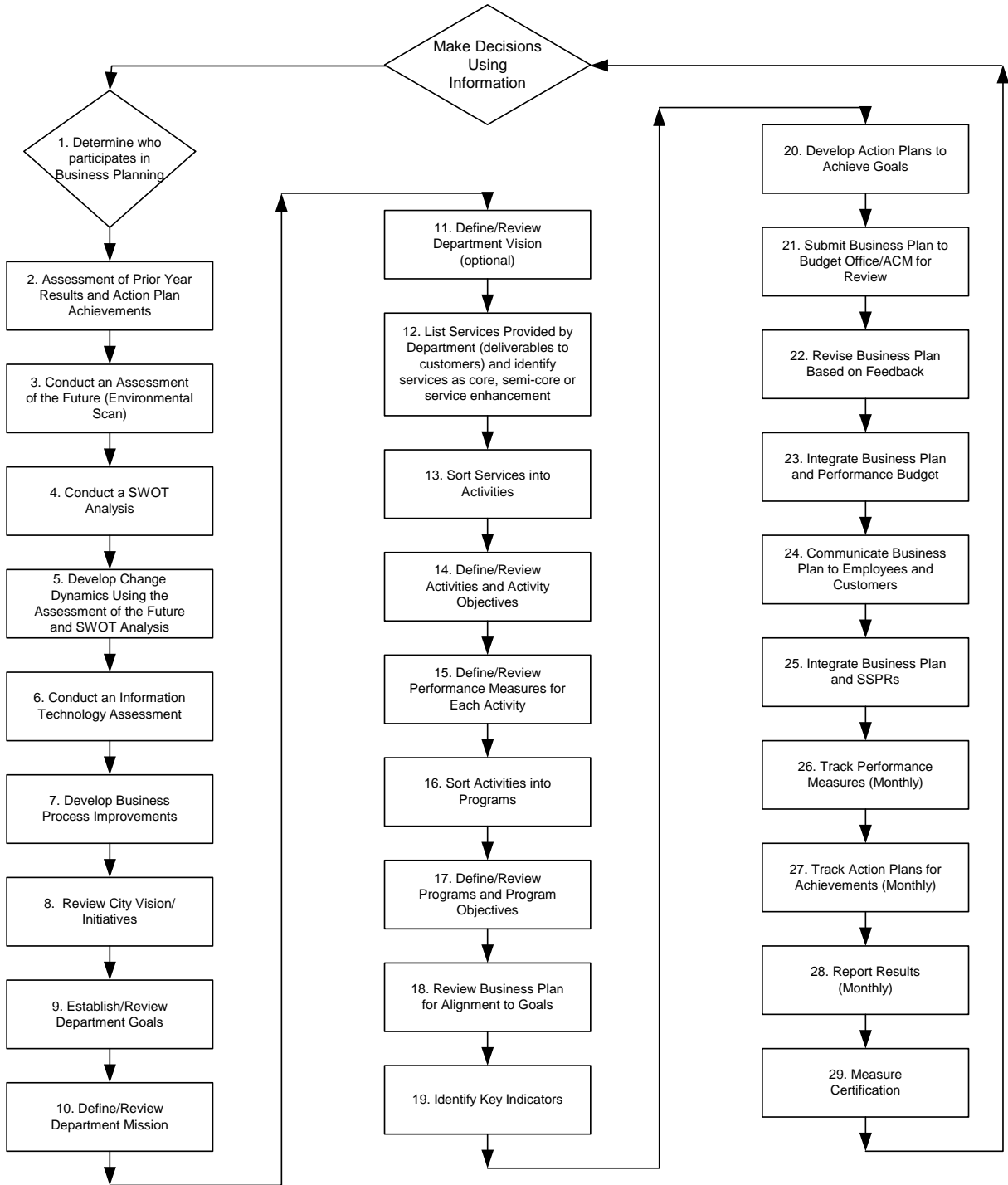
- Steps 1 through 14 lay out a process for formulating agency strategies, plans, objectives, and activities, and correspond to the first basic step in the performance measurement sequence presented in Chapter 1.
- Steps 15, 16, and 19 relate to development of performance measures and correspond to the second basic step in the measurement sequence; (Steps 17, 18 and 20 through 25 concern the business planning process).
- Steps 26 through 29 pertain to performance assessment, and correspond to the third basic step in the model.
- These feed into the “Make Decisions Using Information” step noted at the top of the Flow Chart, corresponding to the fourth and final step in the model sequence.

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<sup>15</sup> City of Austin, *Managing for Results Business Planning Guide*, (Revised 2003). Minneapolis is implementing a performance management system patterned after Austin’s system. Web link: <http://www.ci.austin.tx.us/budget/03-04/downloads/bpresourceguide2003.pdf>

<sup>16</sup> See, for example, Mary Walton (1986), *The Deming Management Method*. New York: Putnam Press for an introduction to the Deming method.

Exhibit 6. Flow Chart of Managing for Results Process



Source: City of Austin Managing for Results Business Planning Guide, Revised 2003.

Austin began implementing the Managing for Results initiative in 1999 with the development of annual business plans for each city department. Business Plans establish major goals and a few key indicators for the agency as a whole. Action Plans organized by program and activity or groups of activity specify implementation steps and performance measures. For example, the Neighborhood Housing and Community Development Department (NHCD) Business Plan for 2003-4 contains three key indicators for the department. Each Action Plan contains a short list of performance measures for each group of activities. A final section of the Plan presents these and other measures for all four “program” areas of Housing Development, Community Development, Grants Administration, and Support Services, for a total of 99 performance measures.

Indicators specified in the Business Plan are carried over into the annual budget submission for final Council approval. To help city council and city managers focus on those indicators most important to government performance, each activity listed in the budget submission is placed into one of three categories:

- *Core services* are fundamental to carrying out the responsibilities of local government (such as public safety and public health).
- *Semi-core services* are services that local governments may provide to augment the level of services provided by other entities (such as workforce development services, which are supported by Austin but are the primary responsibility of the Texas Workforce Commission)
- *Non-core services* and *service enhancements* are services that are neither core nor semi-core.

As an example, the Community Development program includes the “Small Business Development” activity, which comprises several services--loans, training, technical assistance, and information and referral. These activities are defined as “semi-core” activities. The city reports quarterly performance against each performance measure. Exhibit 7 shows the performance measures for this activity from the third quarter report of 2003-2004.



Exhibit 7. Third Quarter Performance Measures

<b>Program Information</b>	<b>Approved Amount: \$ 8,229,428</b>
<b>Name:</b> COMMUNITY DEVELOPMENT	
<b>Objective:</b> The purpose of the Community Development Program is to provide financial and technical assistance to eligible organizations in order to improve the economic viability of neighborhoods and promote the creation and/or preservation of jobs.	
<b>Name:</b> Small Business Development	
<b>Objective:</b> The purpose of the Small Business Development Activity is to provide financial and technical assistance to eligible businesses so that they can create and/or preserve jobs.	
<b>History:</b>	
<b>Changes:</b> No Data	
<b>Semi-core Services:</b> Loans; Training; Technical Assistance; Information and Referral	
<b>Activity Contact:</b> Jerry Freese Phone: 512-974-3100	

Performance Measure	-	-	FY 2001 Actual	-	-	FY 2002 Actual	-	-	FY 2003 Actual	-	-	FY 2003 Amended	-	-	FY 2004 Amended
Cost per job created/retained			\$3,617			\$0			3,578			\$7,300			22,765
Number of jobs created/retained			71			114			161			100			130
Number of jobs created/retained for persons earning less than 80% median family income			71			0			143			100			130
Average number of workdays from submission to final action			No Data			0			N/A			100			130
Percent of jobs created/retained for persons earning less than 80% median family income			No Data			100			100			100			100
Number of microbusinesses assisted			No Data			N/A			282			40			40
Number of eligible households/persons served			No Data			N/A			N/A			100			130

### ***2.2.2 Community Development Goals and Activities***

The City of Austin carries out a largely housing-focused program that emphasizes production volume, aggressive use of regulatory inducements, and less emphasis on geographic targeting compared to some other community development grantees, such as Charlotte.

In FY 2004, Austin received \$8.9 million in CDBG funds, \$4.7 million in HOME funds, \$335,653 in ESG funds, and \$988,000 in HOPWA funds. Reflecting the city's emphasis on housing programs, these funds are allocated to the following activities: 47 percent to rental housing, 16 percent to owner-occupied housing, 16 percent to planning and administration, 10 percent to public services, 5 percent to economic development, 4 percent to homelessness/HIV/AIDS, and 2 percent to public facilities.

NHCD manages these grants. Its stated mission is to "provide housing, community development, and small business development services to benefit eligible residents so they can have access to livable neighborhoods and increase their opportunities for self-sufficiency." Notable aspects of NHCD's programming include the following:

- A public nonprofit corporation, the Austin Housing Finance Corporation (AHFC), acts as a subrecipient to NHCD and operates most of the housing programs funded with grant funds. Programs range from direct lending to homebuyers to development-oriented programs for rental and homebuyer units. AHFC also issues bonds to support housing activities.
- The Austin/Travis County Health and Human Services Department serves as the program administrator for the HOPWA and ESG programs.
- NHCD has formed a CDBG-supported partnership with the city's Department of Small and Minority Business Resources to establish a one-stop shop that serves micro-enterprises and small and minority-owned businesses needing procurement, management, marketing, micro-loans, and loan service assistance.
- A major commercial revitalization effort, the East 11th and 12th Street Redevelopment Project, is supported with a \$9 million HUD Section 108 Loan Guarantee.

The city of Austin tends not to target funds geographically, although because lower-income people are concentrated in certain parts of the city, these areas tend to receive the bulk of funds. The Planning and Zoning Department oversees development of neighborhood plans, and these plans sometimes influence NHCD project and funding decisions.

### ***2.2.3 Performance Measures and Assessments***

The Neighborhood Housing and Community Development Department reports a wide variety of measures. The NHCD Business Plan for 2003-2004 lists 99 performance measures, 35 of them in the Housing Program alone. For each of these measures, the Plan presents a description of the measure, sources of data, the frequency of data collection,

how the measure is calculated, and the name and telephone number of the person responsible for data compilation, analysis, and reporting. As do other agencies, NHCD reports three types of performance measures, defined as:<sup>17</sup>

- *Efficiency*. The unit cost of an output or result.
- *Output*. Units of services provided, products provided or people served through the activity; outputs are counts of the goods and services produced or delivered.
- *Result*. The impact that an activity or program has on citizens. (Results measures are also known as outcome measures.)

Exhibit 8 shows all of the measures used by the operating programs within NHCD for each activity, classified by efficiency, output, or results.

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<sup>17</sup> The city also specifies “demand” measures, which are the amount of services requested or expected by customers of the activity. The City’s Business Planning Guide indicates that departments do not need to provide measures on expected or anticipated level of customer demand unless their budget requests are based on service gaps. As noted in the guide, “If a department wants to be able to talk about service gaps, they better have ‘demand’ data.” (p. 12). NHCD does not use demand measures.

Exhibit 8. Housing Development and Community Development Measures

	ACTIVITY	EFFICIENCY		OUTPUT		RESULT	
		Measure	2003-2004 Estimate	Measure	2003-2004 Estimate	Measure	2003-2004 Estimate
<b>COMMUNITY DEVELOPMENT</b>	Commercial Revitalization	Cost per increase of square footage	\$28.02	Eligible households/persons served	3,269	Percent increase in square footage	26%
						Total increase in square footage of retail/office space	57,000
	Neighborhood Revitalization	Cost per household served	\$2,462	Eligible persons served	16,219	Percent of households receiving childcare vouchers	1.70%
				Households served	5,000		
				Housing Information and Referrals	11,000		
	Public Facilities	Cost per project	\$201,625	Neighborhood projects completed	15	Percent of projects that are high priorities in Consolidated plan	100%
				Projects begun	4		
Small Business Development	Cost per job created/retained	\$7,300	Projects completed	1	Percent of jobs created/retained for persons below 80% median family income	100%	
			Jobs created/retained	117			
Assisted Housing	Cost per renter assisted	\$7,743	Microbusinesses assisted	146	Percent of renters assisted who earn less than 80% median family income	100%	
			Renters assisted	75			
<b>HOUSING DEVELOPMENT</b>	Homeownership Services	Cost per household assisted	\$6,719	Homebuyers assisted	195	Percent of homebuyers assisted who earn less than 80% median family income	100%
				Units purchased with Mortgage Credit Certificates	111		

*Promising Practices in Grantee Performance Measurement*

	ACTIVITY	EFFICIENCY		OUTPUT		RESULT	
		Measure	2003-2004 Estimate	Measure	2003-2004 Estimate	Measure	2003-2004 Estimate
<b>HOUSING DEVELOPMENT</b>	Lead Hazard Control-Owner-Occupied Services	Cost per household assisted	\$5,567	Community Outreach Activities	10	Percent of households assisted with children under six years of age	100%
				Eligible households served	50		
				Inspections	202		
				Skills training activities	4		
	Owner-Occupied Services	Cost per unit retained	\$2,726	Units retained	950	Percent of homeowners assisted who earn less than 80% median family income	100%
	Rental Housing	Cost per renter assisted	\$5,563	Eligible households/persons served	285	Percent of renters assisted who earn less than 80% median family income	100%
	S.M.A.R.T. Housing	Average waiver per unit completed	\$900	S.M.A.R.T. Housing units certified	3,800	Number of S.M.A.R.T. single family units per total housing units completed <sup>18</sup>	480
		Total of waivers	\$1,000,000	S.M.A.R.T. Housing units completed	1,555	Total number of Reasonably Priced S.M.A.R.T. Housing units occupied	1,200

<sup>18</sup> Though the description of this performance measure implies a percentage value, it was expressed simply as a number.

Each month, agency staff submits performance data, either via an Intranet application or through Excel spreadsheets, into the CARMA performance measurement database operated by the Budget Office. Data in CARMA are made available to employees over the city Intranet and to the public through the city's Web site. These data form the basis for Budget Office performance tracking and the published quarterly performance reports.

As a check on the integrity of the performance measures, the Budget Office maintains a four-person performance measurement audit unit. This unit conducts 3-4 audits per year and each audit involves a review of approximately four departmental measures. Candidates for audit are selected if concerns are raised by Budget Office or other entity about the performance measures, there are changes in department structure/key personnel, interest is expressed by City Council or senior management about an activity or area being measured, or the department exhibits patterns of unexpected performance.

An Assistant City Manager reviews the audit report and holds the department responsible for correcting deficiencies. To date, NHCD has not been audited. The auditing unit is currently developing a set of self-assessment tools that departments can use to monitor the integrity of their own measures.

Performance measurement also has been integrated into other NHCD business practices, including subrecipient agreements and employee reviews. In the past, NHCD found that it had difficulty getting subrecipients to report information that was not included in service contracts, so contracts now specify the occupancy, demographic, and affordability performance requirements. Quality of subrecipient reporting is verified by random sampling of tenant records, with sample sizes depending on size and experience of subrecipient and size of project.

NHCD also has taken several steps to use IDIS as a performance measurement tool, including conversion of some data to conventional data analysis software formats to allow easier data search, improved accuracy of housing counts, GIS mapping and property level reporting of housing production, and use of IDIS activity codes to connect production data to the city's own accounting system. Not all problems have been solved, however. IDIS presents problems for projects with multiyear funding, for example, because of incompatible definitions of housing project "completion," in which financial closeout may come months after actual project occupancy. This makes it difficult to reconcile costs incurred for a fiscal year with units produced for a fiscal year. The only way to get an accurate per unit cost was to go back through IDIS draws on a project-by-project basis.

Moreover, efficiency measures are prone to wide fluctuations and may not be accurate measures of actual efficiency. For example, one NHCD measure for the first-time homebuyer program is the cost per unit created. This measure increased from \$12,956 in 2002 to \$78,438 in 2003. This year-to-year variation, which to the Budget Office appeared to be a significant decrease in the program's internal efficiency, was actually a function more of the different types of units created and income levels of assisted borrowers (that is, assisting borrowers with lower incomes necessitated a higher level of subsidy).

Over time, several major changes to the system have produced improvements in the quality of data reporting, and ultimately, the value of the system itself. Initially, some city departments resisted what they viewed as imposition of business plans and measures by the Budget Office and City Auditor. To increase the level of “buy-in,” city departments in FY 2003 were authorized to select their own specific performance measures, giving them some ownership over the measures.

Partly as a result, there has been a significant reduction in the number of measures being reported—from 4,400 to 2,500. For its part, NHCD staff had come to realize that they had devoted unnecessary effort to collect measures that, by dint of sheer volume, could not be analyzed effectively by management. In addition, staff believed that this process of tapering back from many measures to fewer was beneficial because it allowed department staff to learn for themselves which measures were most meaningful. Some staff, however, saw the value of having many indicators given the wide variety of stakeholders with a claim on agency performance.

Another major change has been in moving measures from an inward, process orientation to an outward, customer-focused perspective. Part of this challenge was resolved by curtailing the number of measures reported “up the chain” to the council and city management. Further, a public reporting mechanism was also added via the city Web site, so that citizens did not have to wait on the publication of reports to obtain information about agency performance.

#### ***2.2.4 Decisionmaking***

In tracking performance, the Budget Office takes an approach that it refers to as “consequential accounting”—it does not require departments to meet targets or goals, but may ask a department to explain why a goal is not being met. In turn, at monthly NHCD managers’ meetings, the measures have been useful for anticipating impending problems, where slow progress towards attainment of a goal will trigger conversations among managers, and staff at lower levels, on where improvements are needed.

As in Charlotte, performance indicators have been very useful as an employee performance appraisal tool. For example, the annual performance evaluation of the person who manages NHCD’s accounts payable division includes the timeliness of invoice payments. NHCD management reports that this has motivated this employee to help coworkers understand the importance of turning in invoices for payment in a timely fashion. NHCD is one of the fastest paying city departments, averaging 10 days from receipt of an invoice to issuance of a check.

Also as in Charlotte, the indicators have proven valuable in departmental financial management. Now that information can be shared between IDIS and city accounting systems, managers are better able to allocate staff costs to program delivery and not charge these expenses to program administration. This has produced a sharp reduction in administrative costs, some of which were borne out of the city’s general fund. The agency also has found that tracking performance has allowed it to manage its cash flow more effectively. For example, agency staff forestalled a temporary shortage in

downpayment assistance funds by reprogramming funding from slower-spending activities.

Better information on the results of programs and activities in relation to spending levels has been especially valuable during the past three years, as the city has faced budget cuts resulting from an economic slump. Austin cut areas such as information technology and libraries, enabling it to cut \$30million from the city's general fund without affecting service levels. In the budget process, departments are expected to assess and report the impact of different cutback scenarios (10, 7.5, 5 percent) on their services. This process can help protect agency budgets where services levels are in high demand—code enforcement spending, for example, was protected in this way.

Austin mainly measures outputs. The NHCD director believes that the lag to benefits of some activities presents a problem for a measurement system in which results are measured and reported at the conclusion of a project. The director expressed a desire to measure the long-term benefits that programs provide individuals, but admitted that this would be technically challenging.

### ***2.2.5 Factors Influencing Adoption and Operation of Performance Measures***

As in Charlotte, Austin's commitment to performance measurement is citywide and comes from "the top," that is, the Assistant City Manager and Budget Office, ensuring that Departments take performance measurement seriously. For the most part, senior management buys into performance measurement and uses the measures in day-to-day operations. That said, integration of performance measurement into the city's core administrative processes took time, four years by one account.

One key driver behind performance measurement in Austin was a shared aspiration among political officials, agency managers, and citizens, that the city become among the best run in the country; certainly in the state. Education levels are high, in part because Austin is a university town. It also is a high-tech and corporate town, where values of efficiency, accountability, and innovation are held in high regard. Among managers in budget and finance, a continuing interest in improving performance measurement comes from their professional connection to the International City Managers Association and their considerable efforts to promote performance measurement nationwide.



## **2.3 King County, Washington**

### ***2.3.1 Overview of Performance Measurement System***

King County's primary performance measurement system (PMS) originated in 1999 when seven departments, at the direction of the County Executive, started a strategic planning effort. Each County department, including the Department of Community and Human Services within which the Housing and Community Development division (HCD) is housed, developed business plans that specified organizational vision, mission, goals, core businesses, proposed performance measures, and the change dynamics of the department. In response to recommendations by a County Budget Task force, the first report of the *Executive's Performance Measurement Initiative* in October of 2003 specified measures for each department and provided baseline data on these measures for the period 2000-2002. The measures reported in the County Executive's performance measurement initiative include only a select few measures that show progress toward "strategic goals." In addition, individual departments collect data on a broader variety of indicators and measures, which are used for their own internal management. For example, while the County Executive's initiative includes only two HCD-related measures, bed-nights of emergency shelter and percentage of homeless households served that move to more stable housing, HCD tracks and reports on seven additional measures in its *Annual Report of Accomplishments*. HCD uses the logic model approach, described in Chapter 1, to link program goals and objectives to performance measures and indicators. Its April 5, 2000, logic model is provided in Exhibit 9.

Exhibit 9. Housing and Community Development Program (HCD) Logic Model

Resources	Activities	Outputs	Outcomes	Indicators	Goals
<ul style="list-style-type: none"> <li>Staff/expertise Federal, State and KC/Local \$</li> <li>Existing housing supply: but it is tight, and it is in a range of conditions</li> <li>Individuals &amp; HH who want decent, affordable housing</li> <li>Existing public infrastructure: but it is often either inadequate to meet demands of growth, or in deteriorated condition</li> <li>Cities, neighborhoods, UAC's that want infrastructure improvements</li> <li>Existing health &amp; human service facilities: but often inadequate to meet demands of growth</li> <li>NPO's &amp; cities that want new improved facilities</li> <li>Funding partners: public and private</li> <li>Implementation partners: NPS's, KCHA, RHA, Developers (MPDs), city governments, special purpose districts, etc.</li> <li>Policy direction, guidance, support (KC Comp Plan, CPPs, ordinances, Exec/ Council support, etc.)</li> <li>Construction contractors (but many too busy or not appropriately certified)</li> </ul>	<ul style="list-style-type: none"> <li>CSD Core Business: (3) provide for affordable housing &amp; basic human needs (2) provide treatment &amp; supports for vulnerable populations (7) promote healthy development of children, youth &amp; families</li> <li>Develop/implement public participation plan, other plans</li> <li>Determine fund available for different activities; keep track of funds committed or expended</li> <li>Market/advertise programs</li> <li>Provide TA to cities &amp; potential applicants in developing viable proposals, etc. (including development assistance)</li> <li>Conduct RFP processes</li> <li>Review Proposals</li> <li>Assist cities in the above, and in affordable housing planning</li> <li>Recommend specific proposals, provide staff support to decision-makers</li> <li>Negotiate contracts, affordable housing agreements, contingent loan agreements, inter-locals, etc. to start projects in the pipeline (includes coordinating with other funders, environmental review, security instruments, etc.)</li> <li>Provide range of TA activities to contracting agencies/cities to move the projects through the pipeline (includes construction compliance, amendment to contracts as well as our plans submitted to state/federal funders, any required public notification, processing vouchers, etc.)</li> <li>Conduct project close-out upon completion (project emerges from pipeline)</li> <li>Conduct post-completion monitoring for continued use</li> <li>Screen applicants for housing repair eligibility</li> <li>Conduct housing inspections</li> <li>Negotiate loan documents, liens</li> <li>Process construction draws</li> <li>Process construction close-outs</li> <li>Process loan payoffs/release of liens</li> <li>Review KC surplus properties for suitability for housing</li> </ul>	<p>(Qualitative measures of what staff do)</p> <ul style="list-style-type: none"> <li>Work-plan as references e.g. complete "X" RFP cycles, complete "X" contracts for "X" # of units, for "X" # of public improvements, etc.</li> </ul>	<ul style="list-style-type: none"> <li>~ Prevention of homelessness; keep people in their homes</li> <li>~ The homeless are kept warm and safe</li> <li>~ Homeless are moved forward along C of C toward stable, permanent housing</li> <li>~ Maintain or increase supply of decent housing affordable to low and moderate income people</li> <li>~ Increase home buyer opportunities for low-moderate income HH</li> <li>~ Improved physical infrastructure ("suitable living environment") in low &amp; moderate income communities</li> <li>~ Improved capacity of health &amp; human service agencies to serve our residents effectively and efficiently</li> </ul>	<ul style="list-style-type: none"> <li>Households (HH) will have been given prevention assistance, mortgage counseling, etc.</li> <li>Individuals/HH will have received shelter or transitional housing assistance</li> <li>Individuals/HH will have been stabilized or moved forward along homeless C of C toward ultimate goal of permanent housing</li> <li>Individuals/HH will have been moved into transitional housing</li> <li>Individuals/HH will have been moved into permanent housing or permanent supportive housing</li> <li>Individuals/HH will have been moved into permanent housing or permanent supportive housing</li> <li>Previously homeless disabled HH are maintained in permanent supportive housing through S+C assistance</li> <li>Units of housing will have been created, preserved or improved for each of the following income groups: &lt; 30% AMI; 31%-50%; 51%-80%; 81%-100%; 101%-120%; special needs; targeted to homeless</li> <li>HH will have been given 1<sup>st</sup> time homebuyer assistance (loans, counseling, etc.)</li> <li>HH in total will have been served with housing assistance (Consolidated Plan)</li> <li>Public infrastructure improvements (e.g. water, sewer, sidewalks, including removal or barriers, parks, etc.) will have been completed</li> <li>Health &amp; human services facility improvements will have been completed</li> </ul>	<ul style="list-style-type: none"> <li>Food to eat and a roof overhead</li> <li>~ HUD: "decent affordable housing: ~GMA: adequate supply of housing for all income levels</li> <li>Supportive relationships within families, neighborhoods, and communities</li> <li>~ HUD: "suitable living environments"</li> <li>~ GMA: urban areas supported by adequate public infrastructure and services</li> </ul>

April 5, 2000

DHCS/HCD Logic Model

King County has two additional PMS efforts, which although not immediately linked to HCD's programs, are included in this report because of the lessons they offer communities about performance measurement.

The *King County Benchmarks* initiative is a response to the State's Growth Management Act, which requires all urban counties and cities within those counties to develop and adopt comprehensive plans to manage growth. In addition to developing the required growth management plan, the King County Growth Management Planning Council also devised a series of indicators that measures progress toward the plan's intended outcomes. These growth management benchmarks have been reported seven times since adoption of the plan, most recently in 2004. While the *Benchmarks* reports are clearly separate and apart from the County Executive's initiative and are seen more as a set of market indicators, rather than management tools, several of the reports, especially those focused on Affordable Housing and Economic Development, are relevant to HOME and CDBG funded activities.

The *Communities Count* initiative focuses on health and social indicators. *Communities Count* indicators were developed through a public participation process—phone surveys and focus groups—in which citizens were asked to identify social, health and economic problems about which they are concerned. These concerns were then converted into a series of indicators. For instance, one indicator of concern about parental involvement with their children's learning was the percentage of households with young children who were read stories by a family member every day. Like the *Benchmarks* initiative, *Communities Count* is not seen as integrally linked to the activities of HCD, although staff members acknowledge they foresee greater use of the measures in the future.

### **2.3.2 Community Development Goals and Activities**

In FY 2004, King County received \$5.3 million in CDBG funds, \$4.5 million in HOME funds, and \$203,344 in ESG funds. As an Urban County consisting of numerous independent cities, its grants are administered through a multilevel system, which includes separate consortia for CDBG and HOME/ESG. HCD is responsible for overall grant planning and reporting. Approximately 60 percent of CDBG funds are divided among the 15 larger suburban cities,<sup>19</sup> which receive a direct "pass through" of funds. HCD administers the County and Small Cities CDBG fund for the remaining 40 percent, which is available to smaller suburban cities and unincorporated areas. HOME and ESG funds, along with locally funded King County Housing Opportunity Funds (HOF), are administered for the HOME Consortium by HCD. The Joint Recommendations Committee (JRC), an inter-jurisdictional policy body for King County and the suburban cities, reviews the Consolidated Housing & Community Development Plan for 2002–2004 and makes funding recommendations for HOME Consortium funds and County and Small City CDBG funds.

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<sup>19</sup> Three suburban cities, Bellevue, Kent, and Auburn, receive their own CDBG funds on an entitlement basis, but participate in the County HOME Consortium.

The Consolidated Housing & Community Development Plan identifies three major goals: ensure decent, affordable housing; establish and maintain a suitable living environment (human services, community facilities, and infrastructure improvements); and expand economic opportunities. The majority of grant funds are allocated to the affordable housing goal.

**2.3.3 Performance Measures and Assessment**

As noted earlier, King County has three different performance measurement systems—the HCD logic model, the *Benchmarks* reports, and *Communities Count*.<sup>20</sup> The full list of HCD’s measures can be seen in Appendix A.

**HCD Logic Model:** HCD has developed its specific performance measures, which are reported in a format similar to Exhibit 10.

**Exhibit 10. HCD Logic Model**

Goal One: Decent Affordable Housing			
Objective	Performance Target	Frequency of Measure	Actual Performance (2003)
Number of affordable housing units created or preserved	700 units	Annually	519 units.

In addition to specifying actual performance, the reporting template also includes commentary on why a particular target was or was not attained. The above example was accompanied by explanatory text that noted:

“This is only 74 percent of the 700 target, well above last year’s performance when 470 units were created. The 700 target also includes housing units improved for ’03 and ’04, but in ’05 and future years there will likely be a separate target for units created or preserved. There is normally great variation in this measure as the completion or delay of major housing projects can significantly affect the number of units that come on line in a given year.”

Most of HCD’s other measures are similar counts of outputs (number of bed nights of emergency shelter, number of community facility completions/improvements). However, there are two outcome-focused measures—(1) the percentage of homeless households served in county-supported shelters and transitional housing that move to more stable housing and (2) the percentage reduction in institutionalization of first year participants in the Shelter Plus Care program.

An HCD analyst who reviews funding agreements/contracts and aggregates data for input to a performance matrix tracks these measures internally. The analyst validates measures, primarily through conversations with contract monitors. HCD reports on these measures in its *Annual Report of Accomplishments*, which in addition to summarizing scores on

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<sup>20</sup> Benchmarks: [Hhttp://www.metrokc.gov/budget](http://www.metrokc.gov/budget)H. Communities Count: <http://www.communitiescount.org>.

individual measures provides information about the program environment, evaluation of past/current targets, evaluation of progress toward meeting targets, and assessment of future targets. The *Annual Report* was originally intended more for internal documentation for the department, but has become a valuable planning tool and is made available to the public (along with the HUD required CAPER).

**Benchmarks Reports.** The County Office of Budget publishes the *Benchmarks* reports annually. There are five separate volumes—economic development, environment, affordable housing, land use, and transportation. Most of the measures included in the reports are compiled from existing data sources, although some of these data must be purchased. The reports focus mainly on trend analysis, which is possible because the reports have been published for seven years. Where data allow, individual measures are mapped or reported at the member city level.

**“Communities Count” Reports.** *Communities Count* reports are published biennially by the Seattle and King County Public Health Department, allowing for tracking of indicators over time, and like the *Benchmark* reports, sort data by region or jurisdiction if possible. Some of the indicators are merely a compilation from existing data sources and some required original data collection through phone surveys of residents. In keeping with the resident-focused nature of the initiative, reports are widely disseminated to the public, including a large, full-color insert in the local newspaper.

Although more focused on community health issues and less relevant to HOME/CDBG programs, the *Communities Count* process for developing measures offers some interesting lessons. Staff initially worked with human service providers to identify measures, but found that approach unproductive. Providers defined the world as a collection of problems with funding solutions. This approach was scrapped and replaced with a broad community survey and focus groups in which citizens were asked to define “what is important to you about your community?” Staff believes that this approach has meant more community buy-in when they publish results—people pay attention because these are measures that have meaning to them.

### **2.3.4 Decisionmaking**

HCD’s measures are reported upward to the management of the Department of Community and Human Services for inclusion in the report to the County Executive’s Office. While a budget crunch was a key driver behind implementation of PMS in the County, interviewees did not believe that the system has yet influenced budgeting decisions.

Because they allow comparison among member jurisdiction, the *Benchmarks* reports are the component of the County’s performance measurement efforts that have the most meaningful influence on public policy. For example, when one of the land use indicators, building permits, showed that a high level of permits continued to be issued outside of urban growth boundaries, the process for issuing permits was tightened. Similarly, much of the conversation about which jurisdictions are providing their “fair share” of affordable housing is shaped by the affordable housing *Benchmark* reports.

### ***2.3.5 Factors Influencing Adoption and Operation of Performance Measures***

King County's Urban County structure makes performance measurement particularly difficult. The County establishes measures and requires pass-through cities to report on them, but the research team did not see any indication that pass-through cities value these measures or use them in their planning and, clearly, the measures are not used to determine funding allocations to pass through cities.

The County Executive's Budget Office redacted significantly the business plan performance indicators sent by DCHS and HCD. Only homeless and special needs indicators are included in the County Executive's budget, whereas the DCHS business plan includes affordable housing and other indicators. In light of the regional struggles about "fair share" issues, the research team speculates measurement of affordable housing goals would not be as acceptable to the County Council.

## **2.4 Minneapolis, Minnesota**

### ***2.4.1 Overview of Performance Measurement System***

The Minneapolis performance measurement system is a straightforward adaptation of the Austin Managing for Results process, in which each agency's plan and budget are organized according to "business lines." The Business Plan presents the list of performance indicators, the most important of which are excerpted for presentation as Key Performance Measures in the budget submission. See Exhibit 11 for a schematic overview of the planning process.<sup>21</sup>

A confluence of new elected leadership and a budget crisis in 2002 energized a performance measurement process that had begun in 1999 with adoption of a comprehensive performance measures system. However, the actual reporting of performance measures had not yet been tied to the budget process or other vehicle for decisionmaking. The need to evaluate budget tradeoffs and accept heightened public accountability in exchange for tax increases and services cuts led everyone to accept that a more aggressive approach to performance measurement was needed.

Each department's or agency's business plan describes its mission, primary business lines and their tie to the Citywide Strategic Plan, and key trends and challenges. For each business line within an agency—for example, Housing Policy and Development is one of five business lines within the Community Planning and Economic Development Department. The business plan identifies markets, customers and their expectations, relationship to other departments. The plan also presents individual service activities within each business line—for example, rehabilitation of single-family housing and development and preservation of affordable and mixed-income rental and ownership housing—are two of four service activities within this business line. Finally, a series of performance measures are identified for each service activity.<sup>22</sup>

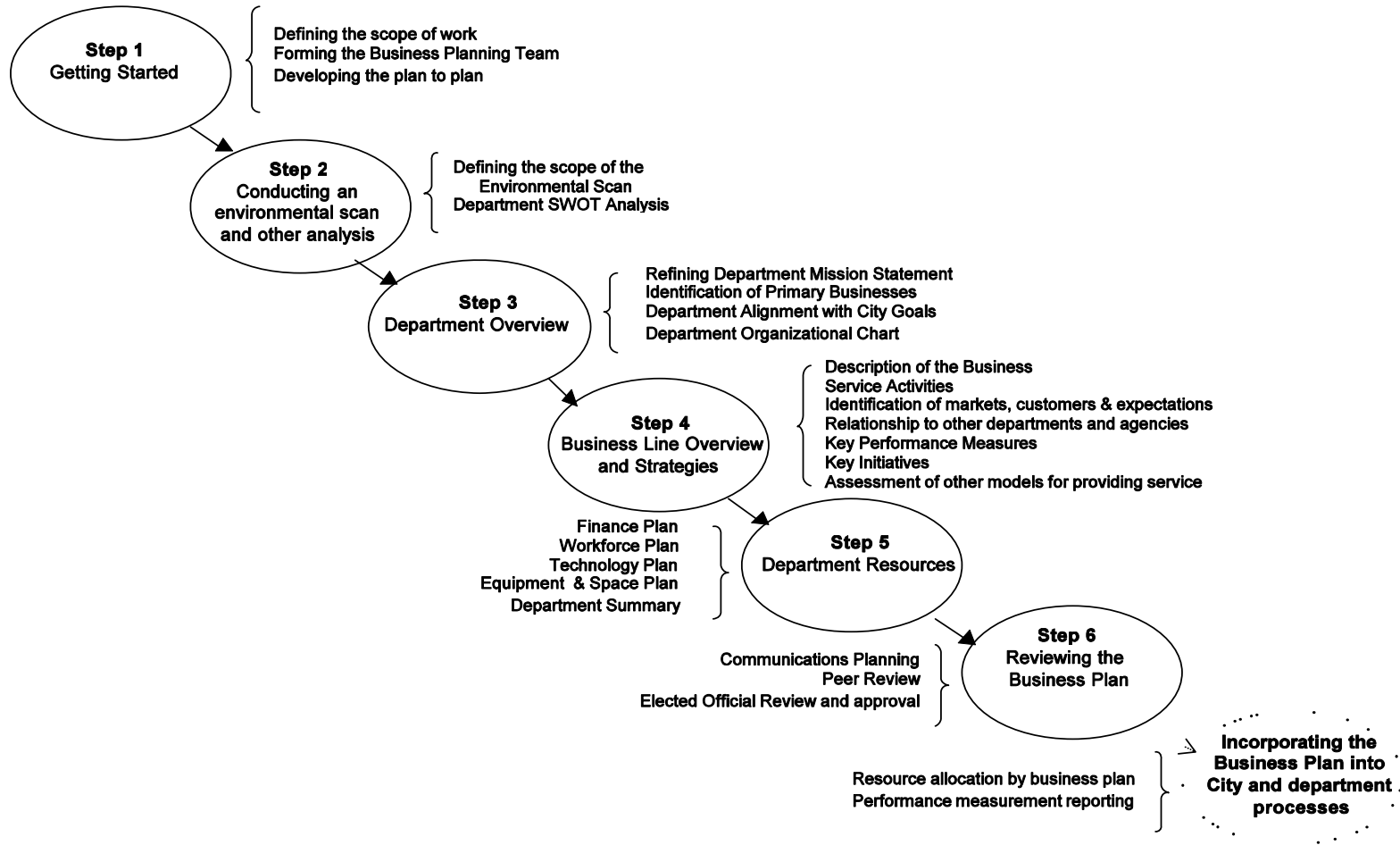
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<sup>21</sup> Compare Exhibits 6 and 11.

<sup>22</sup> City of Minneapolis Business Planning Handbook. p. 2.

Exhibit 11. Business Planning Process Overview

**BUSINESS PLANNING PROCESS OVERVIEW**



**Note:** Although these steps are shown in a linear format for clarity, in reality these steps may occur simultaneously, in a different order, and/or iteratively.



Prior to final approval by the City Council, each city department's draft business plan is "peer reviewed" by the heads of related departments, by the Finance Department, and by the Mayor and the department's "home committee of the Council. During each year's budget process, the 5-year goals are reviewed, as is performance against targets on selected measures drawn from the business plan. New targets are set for the coming year. To help policymakers focus on overall departmental objectives and not be distracted by internal management indicators, only some of the measures are extracted from the Business Plan for use in the budget process.

Local staff recognized that considerable work remains to be done to create a full-blown performance measurement system that strongly connects business plans, budgets, agency work-plans, and the measures in each across all city departments.

#### ***2.4.2 Community Development Goals and Activities***

At the same time that performance measurement got an important boost from election of a new mayor and council majority and a simultaneous budget crisis, the City's community development functions and programs got a hard look. An affordable housing crisis, lagging job growth, and widespread perceptions of inefficiencies in the existing community development system led the new leadership to ask how the city's limited community development resources could best be targeted.

The Mayor commissioned a consultant report that pointed out a lack of clear goals and priorities, poor customer service, and lack of coordination among different community development functions that were spread across seven different departments and agencies. The consultant said this lack of coordination flowed from the city's flat, fragmented organizational structure, including its community development system and from micromanagement by the Mayor and other City Council members. The report, which was released in 2002, recommended three major changes: 1) that the Mayor and Council agree on development priorities and goals, and then adhere to them, rather than letting individual political considerations and logrolling drive the development process; 2) that the city adopt new processes for strategic planning, performance management, project selection and prioritization, and customer service improvements; and 3) that they reorganize the city's community development system.

As a result of the study, in 2003, the city combined four of the seven functions to create the Department of Community Planning and Economic Development (CPED) to carry out housing, economic development, workforce development, community planning, and development services (land use and zoning review) functions under one roof. The agency's business plan (approved in April, 2004) identifies the two city goals CPED has primary responsibility for:

1. Creating "an environment that maximizes economic development opportunities within Minneapolis by focusing on the city's physical and human assets"; and

2. Fostering “the development and preservation of a mix of quality housing types that is available, affordable, meets current needs, and promotes future growth.”

To help achieve these goals, the business plan identifies the following business lines: housing policy and development; economic policy and development; community planning; development services; workforce development; and partnerships.<sup>23</sup> A substantial portion<sup>24</sup> of the resources the agency uses to carry out these goals is federal in origin. The city receives approximately \$16 million per year in CDBG funds, \$3.9 million in HOME funds, \$422,000 in American Dream Downpayment Initiative (ADDI) funds, and \$600,000 in ESG, all administered by CPED. (Another \$839,000 in HOPWA funds is administered by the Minnesota Housing Finance Agency.)<sup>25</sup> About half of all funds are used for affordable housing.

The reorganization of the agency came with a new market-oriented focus, in which the agency’s bricks-and-mortar investments are seen as important not in their own right, but because they create real value to the city and its neighborhoods. Moreover, now that previously separated agencies are housed under one roof, it appears to have become easier to blend city interests in good community planning on the one hand and efficient development on the other.

That said, CPED staff acknowledges the difficulty of carrying out a consistent, market-responsive, program. For example, although CPED does carry out strategic improvement programs in commercial corridors, most of its neighborhood investments would appear to be driven either by the project priorities pursued by individual council members or those reflected in funding requests made by each neighborhood organization under the Neighborhood Revitalization Program (NRP).

The NRP is a novel program established by the state and city in 1990, which allocates city tax increment funds by formula to the city’s 81 individual neighborhoods. The program is governed by a 19 member joint powers board comprised of the five local taxing authorities (city, county, schools, park, and library) as well as various neighborhood organizations and community groups such as the chamber of commerce, the local labor federation, and the local community foundation. These funds are used to support projects identified in neighborhood plans, sometimes as match to other city funds requested by application. This means that city efforts to promote market-responsive investment are, to some considerable extent, driven by the choices made by each neighborhood and therefore do not routinely address the city’s most pressing overall needs as understood by the Mayo and City Council.

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<sup>23</sup> The department’s first update of its business plan, approved in December 2004, merged the partnerships line with economic development.

<sup>24</sup> CPED’s largest single revenue source is local tax increment funds, followed by federal and state grants.

<sup>25</sup> CPED’s also receives approximately \$4 million annually in various federal job training funds (some of which flow through the state), as well as Empowerment Zone funds.

### **2.4.3 Performance Measures and Assessment**

CPED performance measures, as detailed in the *2004-2008 Business Plan*, are broken down by business line and service activity. Business lines have two types of measures, *business line outcome measures* and *market indicators*. *Business line outcome measures* relate back to the city's goals and expectations and answer the question "How do we know whether we are achieving the goals?" *Market indicators* relate to features of residential, employment, and other markets in the city and metropolitan area. These are intended as "guideposts" for agency decision-making and reflect the new emphasis on responsiveness to market needs and opportunities that was behind creation of CPED in the first place.<sup>26</sup> For example, for the Housing Policy and Development Business Line, the Key Business Line Outcome Measures<sup>27</sup> include:

- Number of new/conversion multifamily and single-family units completed.
- Number of rehabilitated multifamily and single family units completed.
- Number of multifamily units to result from closed loans and construction starts.
- Number of [city-owned] lots sold for single-family development.

For this same business line, the Key Market Indicators include:

- Number of housing units produced (including those with CPED assistance).
- Number of unassisted housing units produced.
- Net housing growth (units produced minus units demolished).

For individual service activities within each business line, measures are broken down into *policy measures* and *management measures*. Only general *policy measures* are reported to the Mayor and Council, while *management measures* are monitored within CPED to track progress against more specific goals. For example, under the service activity "provide financing for home improvement," *policy measures include* the number of home improvement loans issued and *management measures include* the percent of home improvement loans made to minorities and the percent of home improvement loans made to female heads of households.

Staff in CPED and elsewhere in the city agree that CPED, and other agencies, have considerable work left to do to bring all of the individual business lines and service activities up to the same mark in terms of the scope and quality of the various measures. In the majority of instances, for example, both *policy measures* and *management measures* although called outcome measures actually refer to outputs of agency programs--for example, the number of multifamily and single-family units built or rehabilitated or number of businesses assisted. The Finance Department, which has the lead on the budget and business planning process, continues to push CPED and other agencies toward use of outcome measures, including market indicators.

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<sup>26</sup> Council Member Goodman alluded to this emphasis in both her public comments at a council committee discussion of the CPED business plan as well as her comments in an interview.

<sup>27</sup> Note that the "Outcome" measures are a mix of output and outcome measures.

CPED staff admits having to move past some initial reluctance on the part of agency managers and their staff to adopting indicators over which they have only partial influence because progress depends, in part, on the strength of markets, the willingness and ability of agency partners to carry out supporting activities, and agencies' own ability to sustain an investment program in a politicized environment. That said, senior staff accepts that some measures are valuable because, as one manager said, they "give concreteness to aspirational goals."

#### ***2.4.4 Decisionmaking***

Although still unfolding, the performance measurement system appears to have produced some concrete results in the design and implementation of community development programs. Business planning and performance measurement has helped department staff think more clearly about longer term goals, cooperate more effectively with partners, and, most importantly, clarify the roles and responsibilities of agency managers on the one hand and council members on the other.

The market-oriented focus that CPED has embraced is reflected in the market indicators contained in the agency's business plan. For example, the economic development division has identified the gap between city and metropolitan area unemployment rates, and set a goal of 2,400 additional job placements by mid-2006 intended to close that gap. Before creation of the performance measurement system, the city set goals, usually stated in general terms, but had no good way to ensure accountability in meeting them. Now, agency activities, such as its "Close the Gap" campaign, are thought about in relation to these goals, which help shape employer outreach, training program design, and other activities and link them together in ways that were not encouraged previously.

These same market goals—and other agency targets--have proven useful in helping the agency cooperate more effectively with its partners. To continue the example, the city's job placement goal has prompted the agency to make more aggressive outreach to larger corporations and industry sectors, such as major health care providers.

Performance measurement also has helped produce a more productive division of labor between City Council on the one hand and agencies on the other by giving the council the tools to exercise its oversight and policy roles more effectively:

1. Measures and targets help stabilize and clarify expectations regarding what agencies have and have not been obligated to do, especially important where individual council members have been accustomed to interacting directly with agency staff on matters of immediate importance to the member. In the view of city managers and council members alike, having information on agency outputs in relation to budget resources encourages a more sophisticated discussion about policy and performance, beyond uninformed accusations that the agency "is not doing enough" or anecdote-based definitions of need and priority.

2. Agency-wide goals have helped increase the council's citywide perspective and combat entrenched localism, where policy tends to be dominated by day-to-day, neighborhood-by-neighborhood allocation of funding and projects. The business planning and performance measurement process appears to have helped council members focus also on more systemic approaches to problems.
3. Measurement and reporting has helped institutionalize and stabilize council support for agency activities and strategies even as council membership turns over. It has encouraged more consistent pursuit of stated development policies and goals, avoiding short-term detours in response to less important, but more immediate, opportunities. In the view of one respondent, the process has helped the city move away from annual crisis management and toward sustained pursuit of city strategies.

#### ***2.4.5 Factors Influencing Adoption and Operation of Performance Measures***

Minneapolis' system is a citywide initiative, run out of the Finance Department and supported by the City Coordinator and the Mayor and Council. Before the consolidation of most community development functions within a single department, fragmentation of responsibility, and the presence of many community development functions in a semi-independent agency contributed to difficulty in instituting performance measurement in community development.

On the political front, nearly all interviews and several documentary sources pointed to the inherent tension between the political and neighborhood structure of Minneapolis—"13 Mayors and 81 mini-cities"—referring to the council and neighborhoods, and the need to hold staff and managers responsible for following long-range development policies or goals.

But as in other communities, a budget crisis forced attention to new ways of doing business, in this case abetted by a large turnover in elected council members, reflecting widespread citizen dissatisfaction. The City Coordinator and finance staff took advantage of this opening to ramp up performance measurement as a way of shifting focus from the narrow and short-term to the longer-term and structural issues facing city government. As a result, the Mayor and Council set forth some broad goals and outlined a 5-year financial direction, which was critical to the design and implementation of business plans with real "traction."

## **2.5 Burlington, Vermont**

### ***2.5.1 Overview of Performance Measurement System***

Unlike some of the other communities covered in this report, Burlington does not rely on one flagship performance measurement system; the city pursues a variety of measurement activities that differ from one another in purposes, types of measures, and involved participants. Yet these efforts are related to one another insofar as they bear on community quality of life and the kinds of actions city government can take to improve it. There are two broad types of activities.

First, the Community Economic Development Office (CEDO) collects and analyzes information on production levels such as the numbers of new and rehabilitated units and new homebuyers assisted, and market indicators, such as the rental vacancy rate and overall housing affordability. The Treasurer's Office also requires that each city agency report a narrow slate of indicators on a largely voluntary basis.

But the city is moving toward a more ambitious geographic information system,<sup>28</sup> AMANDA, which will include Police and Fire Department information, as well as data from other agencies. CEDO was involved in discussions on how their own indicators would be integrated with the system to allow tracking of neighborhood change.

Second, the Burlington Legacy Project, a community-wide effort led by a steering committee of leaders from business, academic, social services, and residential communities and staffed by CEDO, was founded to develop a common vision for the city's future, with an emphasis on preserving and enhancing the quality of life for which the city is justly renowned. In 2000, the Legacy Project created an Action Plan with goals and priority actions to take the community to the year 2030. To help the community keep itself accountable for progress against the plan, the project created a community indicators effort to track the social, economic, cultural, and environmental health of the community. Most recently, the Legacy Project and the GUND Institute for Ecological Economics of the University of Vermont have partnered to develop alternative measures of community well being, combined to create a single quality of life index.

### ***2.5.2 Community Development Goals and Activities***

The broadest statement of community development goals and objectives comes from the Burlington Legacy Project, which articulates a community-wide, thirty-year vision for maintaining the city as a regional population, government, cultural, and economic center, with good neighborhood quality of life, wide community participation in decisionmaking, plentiful opportunities for youth, and a healthy environment. These goals and the actions

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<sup>28</sup> Although the AMANDA database was in its infancy and therefore it was premature to consider it a promising practice for Burlington, the study team believed the database was worthwhile to mention based on the well-developed city-wide systems seen in both Austin and Minneapolis.

to achieve them were the result of an extensive community participation process involving all sectors and income levels.

The vision for 2030 calls for the city center to absorb a larger share of regional growth, thereby preserving open space throughout the county, while at the same time building the numbers of housing units and creating the jobs needed to ensure that future city residents have both jobs and affordable housing. The two main neighborhood objectives concern quality of life and housing. The goal of housing is, “in 2030, every Burlington resident will have access to safe, accessible, affordable housing. Homeless shelters are no longer needed. Preservation and construction of housing keeps pace with job and household income growth in the city.”<sup>29</sup> The city’s priority actions are to directly finance more units of affordable housing, strengthen code enforcement and minimum housing standards, create more on-campus student housing, redevelop brownfields for housing, and revise zoning regulations to encourage more construction.

The city’s share of responsibility for achieving these objectives falls squarely on CEDO. The agency operates affordable housing production, business assistance, and community improvement programs, and regulates land use. Particularly in the area of housing production, the department focuses heavily on regulatory incentives to spur affordable housing creation and funds an array of housing rehabilitation and homeownership projects. Rehab and home ownership money is targeted to specific neighborhoods based on the age of housing (for rehab dollars) and lower homeownership levels, but housing creation is not targeted. Some project concentrations occur because of the location of the older housing stock and low-income households, tradition of neighborhood resident involvement, and city council member support.

### ***2.5.3 Performance Measures and Assessment***

Both the Legacy Project and CEDO contribute performance measures to the pool of indicators available to city leaders and citizens. These are not used to track “performance” understood as an assessment of agency accomplishment for purposes of public accountability. Rather, all of these indicators are used as “signposts” to gauge community progress. The Legacy Project’s community indicators tend to capture overall economic, social and environmental conditions, and some of CEDO’s indicators do so as well. However, as in other cities, many CEDO indicators are output measures pertaining to units of production.<sup>30</sup>

The housing output measures set 5-year goals for various program areas; e.g., new and rehabilitated housing units, homebuyer assisted units, and lead abatement for different categories of housing (Exhibit 12). These measures were derived from a combination of HUD reporting requirements, measures suggested by applicants, and measures suggested by the project selection board used to make funding decisions. A key criterion is median family income (MFI). Measures are tracked and reported on an annual basis.

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<sup>29</sup> Burlington Legacy Project, *Action Plan—Becoming a Sustainable Community*, June 2000, p.22.

<sup>30</sup> The full list of CEDO’s measures can be seen in Appendix 1, which includes samples from the city’s Annual Report and the full list of Legacy Project community indicators.

**Exhibit 12. Burlington Affordable Housing Output 5-Year Goals**

<b>Household Income Level:</b>	<b>0 - 30% of MFI</b>	<b>31 - 50% of MFI</b>	<b>51% - 80% of MFI</b>	<b>TOTAL</b>
New Rental Units: 5-Year Goal	160	115	100	375
New Owner Units: 5-Year Goal	20	15	25	60
Buyer Assist: 5-Year Goal	10	13	35	58
Rehab Rental Units: 5-Year Goal	135	90	100	325
Rehab Owner Units: 5-Year Goal	40	26	60	126
Rental Lead Abatement: 5-Year Goal	20	20	30	70
Owner Lead Abatement: 5-Year Goal	0	10	30	40
Preserve Elderly/Frail Elderly Housing: 5-Year Goal	20	34	26	80
New Permanent Supportive Housing: 5-Year Goal	40	0	0	40
New Transitional Housing: 5-Year Goal	24	0	0	24
<b>TOTAL</b>	<b>469</b>	<b>323</b>	<b>406</b>	<b>1198</b>

Housing outcome indicators pertain to the characteristics of the housing market that local staff believes to be both desirable and achievable within a 5-year timeframe. CEDO tracks seven outcome indicators for affordable housing. Metrics with the associated goal and method for measurement are described in Exhibit 13.

**Exhibit 13. Burlington Affordable Housing Outcome Indicators**

<b>Outcome Indicator</b>	<b>How Measured</b>	<b>Target</b>
Rental Vacancy Rate	Measured every six months by the Allen and Brooks Report	3 to 5%
Burlington renters able to afford their housing	Census measures the number of cost-burdened renters every 10 years	65% in five years
Burlington homeowners able to afford housing	Census measures the number of cost-burdened homeowners every 10 years	90% in five years
Affordable Housing Availability	Affordable Units are measured by town. The Regional Planning Commission sets goals for each Chittenden County Municipality	Affordable housing available in every community
Rate of Homeownership in low and moderate-income neighborhoods	Census measuring housing tenure every 10 years	Increase by 15% in five years
Number of Homeless	The homeless providers do an annual "point-in-time" count.	Decrease
Number of Burlington children with elevated lead levels	The Vermont Department of Health screens children for lead poisoning every year.	Decrease to less than 2%



Staff in Burlington emphasizes the value of these broad, market-driven, measures of accomplishment, allowing for shifting types of investment over time and across different activities. With emerging community needs, the details of spending will have to change, and broad measures allow these changes without the penalty that would be incurred if measures tracked individual activities. Broad measures also take account of the actions of other agencies and sectors.

City and subrecipient agency staff also argue that single indicators, viewed in isolation, are not helpful; multiple indicators, taken together, are needed to support good diagnosis. One example is the increasing length of stays in homeless shelters that triggered inquiry among providers and funders into the factors that may have produced this unwanted outcome. They found that the increasing cost of homeownership meant that fewer households had the savings to “trade up” into better units, thereby freezing the available stock of units available to the lowest income. Multiple players within the system need to have many conversations across agency boundaries and specialties in order to understand this.

The other source of performance information is the Legacy Project, which contributes community indicators primarily tied to the performance of the local market. The Project created a set of 57 indicators to measure the city’s progress in the economy, neighborhoods, governance, youth and life skills, environment, and resources.<sup>31</sup> For example, “Neighborhoods” is broken down into measures for both quality of life and housing. Housing indicators include:

- Beds in Use: Emergency Shelters: Individuals
- Beds in Use: Emergency Shelters: Persons in Families with Children
- Affordable Housing Units
- Percent of Owner-Occupied Housing Units
- Percent of Population Spending Greater than 30 percent of Income on Housing
- Estimated Number/Percent of Residences within ¼ mile of Open Space/Parks

These indicators and others in the Legacy Project were constructed after a scan of other community indicator systems. After completion of the first action plan, a Legacy Indicators Subcommittee was established to critique the indicator set and to resolve problems pertaining to data availability and the proliferation of indicators. In terms of data availability, which plagues many community indicators efforts, the indicators for the central business district are the most fleshed out because high-quality data on the hospitality sector, real estate vacancies and others are available for purchase, but these are not necessarily the most useful data elements. For example, the availability of “living wage” jobs is extremely important to Legacy Project participants, but as yet, not even a good definition is available, let alone data.<sup>32</sup>

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<sup>31</sup> <http://maps.vcgi.org/burlingtonlegacy/index.html>

<sup>32</sup> While the Vermont Joint fiscal Office does define livable wage levels each year, it varies by household composition, creating a problem application in any program.

In terms of the proliferation of indicators, Project participants believed in the value of individual indicators, but wanted some way to ascertain whether the community as a whole, across the several areas in which indicators were tracked, was doing better or worse. Participants had no way to arrive at an assessment of community well-being that cut across economy, environment, and social health, even though the founding inspiration of the Legacy Project called for just such a unified view.

To resolve this dilemma, the Legacy Project and a complementary county effort, the Champlain Initiative, has backed efforts by University of Vermont researchers so create a Genuine Progress Indicator (GPI)—an alternative to such traditional conceptions of well-being as the gross domestic product (GDP). In effect, GPI subtracts environmental and social costs from the GDP to get an alternative measure of social well-being, and adds in parts of the economy that add value to the community, but are not normally included in GDP (such as volunteer time). Even though the GPI is not formally used in the measurement or decisionmaking, it is something the city and its departments are watching closely and possibly could use in the future.

#### ***2.5.4 Decisionmaking***

CEDO takes a grassroots approach to allocating funds and determining funding priorities. A CDBG Policy Board annually reviews funding proposals and makes recommendations to the Mayor and City Council to determine the allocation of CDBG funds. The Board consists of elected representatives from each neighborhood, mayoral appointees, and representatives from the State of Vermont, low-income neighborhood associations, and the United Way.

The Board allocates CDBG funds according to how well project applications score against 14 separate criteria. Individual scores are tallied to compute an “overall priority level” for each project, which is then used to guide decisions as to whether and to what extent projects will be funded. (See Exhibit 14 for the details of the scoring matrix used by the Policy Board.)

Although each Board member has discretion in how to score each project, the decisionmaking process does support reasonably consistent and transparent assessments of the comparative benefit, cost, financial soundness, risk, and strategic alignment of each project application. If the ranking criteria were tied explicitly to performance indicators (as targets or past performance), the process could be an even more effective part of Burlington’s performance management system.

**Exhibit 14: Burlington CDBG Policy Board Application Scoring Matrix**

The CDBG Policy Board tool for evaluating and comparing CDBG applications involves a matrix in which projects are listed by amount requested, funds allocated, scores awarded under each of 14 ranking criteria, and an overall priority level. The applications are grouped by program area as follows:

- Public Services: Homeless and Housing Services; Food Security; Child Care/Early Education; Seniors and Persons with Disabilities; Youth Services; Health; Library; and Public Safety.
- Development: Housing; Economic Development; Neighborhood Development, Public Facilities, and Public Improvements.

The Policy Board's 14 ranking criteria are:

- Anti-Poverty Goals: Before you begin, does the project meet one of the following: A. Moves people out of poverty. B. Prevents people from entering poverty. C. Addresses basic needs of people living in poverty. IF NOT, do not continue!
- Creates and supports opportunities for economic independence or reduces barriers to quality employment.
- Creates opportunities for disadvantaged groups of people (that is, women with children living in poverty, minorities, people with disabilities, people with limited English proficiency, at-risk youth).
- Supports basic human needs including food, shelter, health care, fuel, safety, education, and employment.
- Builds and/or supports the capacity of local organization to address residents' needs.
- Captures local dollars and prevents them from "leaking out" of the community.
- Leverages resources (volunteers, funding, etc.).
- Demonstrates the administrative and programmatic capacity to effectively carry out project.
- Involves community participation in the design, implementation or evaluation of project.
- Demonstrates cooperation/collaboration between agencies to maximize benefits.
- Shows a commitment to accessibility and equal opportunity within the agency and in the delivery of services.
- Is sustainable over time and/or will have sustainable results.
- Does not have a more appropriate source of funds.
- Supports, complements or is consistent with other City plans.

The Legacy Project also has promise as a way of influencing decisions. At the broadest level, the Legacy Project's community indicators can be a way to engage leaders and citizens in the long-term work of implementing the community vision. The Legacy

Project Steering Committee provides a continuing mechanism to do this through such activities as an annual Report Card, which uses whatever data are available for that year, gathered in cooperation with local service providers, academic bodies, and others. The principle use of these indicators is to engage the community in a continuing dialogue on how to achieve its goals for the city. For example, community child-care numbers led to a more aggressive search for state funding. Also a focus on the school drop-out rate as a critical local indicator led to an inter-agency collaboration, including even the police department, to help make progress. Due to these partnerships, the rate dropped from 10 to 4 percent.

### ***2.5.5 Factors Influencing Adoption and Operation of Performance Measures***

The need within CEDO to develop a performance measurement system stems from budget constraints, a desire for Burlington government to be responsive to citizen concerns, and a nationwide push for greater accountability within the public sector. These reasons led the city and CEDO to examine how they spend money and the results of this spending. The present state of performance measurement could be improved through champions at the department level coupled with mayoral support. What will be required, however, is an edict from the mayor that performance measurement is to be taken seriously and is required at the department level.

The Legacy Project and its indicators are the product of a growing community consensus that the quality of life in Burlington, long prized by residents, was in danger of deterioration unless concrete steps were taken to preserve it. This work, benefited greatly from its ability to partner with the University of Vermont, including the GUND Institute for Ecological Economics, which is developing alternative measures (GPI) and offering community survey capabilities for quality-of-life data. Involving local universities and their students in the performance measurement process offers additional resources and perspectives.

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This chapter has described the performance measurement systems in five jurisdictions, four cities and one county government, deemed to be ahead of the curve in developing effective local practices. Each case study highlights practices that warrant consideration by other jurisdictions seeking to improve performance management. Where appropriate, local challenges to implementing effective practices and opportunities for further enhancement are noted. The next chapter distills the case study results into ten “rules of thumb,” each illustrated briefly by selected, sometimes contrasting practices encountered in one or more of the study sites.

## **Chapter 3. LESSONS LEARNED**

This chapter summarizes the key lessons learned from the five site visit grantees. The chapter provides some guidance about what often works and what does not. It also highlights some specific tactics that the case study grantees have implemented.

### **3.1 Introduction**

There are a number of important lessons to learn from the five study grantees. Some of these lessons are common across all five sites and others can be learned from one particular site or another. These lessons can assist grantees in designing effective performance measurement systems.<sup>33</sup> This chapter highlights some of the lessons learned from the case studies and other performance measurement experiences expressed as useful rules to follow. Chapter 4 provides step-by-step guidance in applying these lessons to develop a local performance measurement system.

These selected performance measurement systems were developed prior to the September 2003 HUD notice on performance measurement. However, the lessons learned from the case studies can assist other grantees to develop the types of performance measurement systems envisioned by the Department. Other grantees are not being encouraged to simply adopt the exact systems designed by one of the five case study sites. It is important to take the lessons learned and then use them in the context of local needs and program goals.

### **3.2 Lessons Learned Related to Goal-Setting**

The first three lessons pertain to the initial phase of establishing and fine-tuning a performance measurement system. Fundamentally, this phase entails taking stock of the existing political, social, and institutional environment, selecting a standard approach to performance measurement, and gathering necessary resources to implement the system. The key to success in this phase is to ensure that the performance measurement system is fully integrated with the business management system of the organization.

Subsequent phases entail adapting the standard approach to the local context, ensuring that the appropriate measures are put in place, and then using the results of the process to improve programming and further refine goals.

#### **Lesson #1: Start with an Established Approach to Performance Management**

Grantees do not need to reinvent the performance measurement wheel. Each of the jurisdictions studied had incorporated widely-accepted practices and tools into their

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<sup>33</sup> Examples drawn from the five study sites are provided under each lesson heading. The reader should refer to Chapter 2.

performance management system. Grantees should consider these established approaches and the ways they have been adapted for local situations. (See Chapter 2.) Field research for this project provided three notable examples of such approaches.

Charlotte's system was based on the Balanced Scorecard approach, which they adapted for a public sector setting. This approach focuses on relating strategic plans to agency actions. It focuses on customer perspectives, financial approaches, business processes, and learning. This model may be particularly effective for agencies that are looking to measure the results of their broad strategic initiatives. It typically focuses on a few strategic areas of measurement and gives the agency a picture of its overall progress toward goals.

Austin built a performance management system they call Managing for Results, based on various modern and well-established business management practices. Minneapolis evaluated and adapted the approach used in Austin. Managing for Results emphasizes effectiveness and accountability, aligning strategic goals and operations and measuring success through extensive measurement of outputs, efficiencies and outcomes. This approach may be particularly effective for grantees that are seeking to measure a wide range of outcomes and outputs in order to track the results of not only large initiatives but also specific agency tasks and the management of programs.

The King County Housing and Community Development program has adapted the Logic Model to link goals and objectives to, inputs, outputs, and outcome indicators. The Logic Model is a system of steps designed to help grantees articulate and then evaluate the relationship of inputs, activities, and outcomes. It has a stronger focus on the relationship of resources (inputs) to their results (outcomes) than do the other models but is less related to the efficient or effective management of the organization. This approach may be successful for agencies that are not seeking an approach to overall management of the organization but rather to tie the amounts that they spend to the impact of those funding decisions.

These models provide a good starting point for assessing the type of system that the grantee wants and the ways in which that system might function.

### **Lesson #2: Reflect Local Goals and Concerns**

A key requirement in developing an effective performance measurement system is to determine the goals for the grantee's programs and the intended uses of the performance measurement system. It is vitally important that the goals of the community provide the foundation for the performance measurement system. Clearly understanding the program goals provides the basis for making good decisions about what to measure and how to interpret measured results.

Each of the case study communities developed a performance measurement system that provided information that it found useful in evaluating agency performance and community impact. In fact, each system was developed and adapted over time by the grantee to meet its particular local needs.

For example, Minneapolis faced a significant budget challenge as it sought to streamline its operations and make better use of its community development funds. Therefore, Minneapolis designed its performance measurement system to encourage more strategic project funding decisions.

Burlington's primary goal was to enhance quality of life for its citizens and retain and attract residents and businesses. It designed a performance measurement system that tracked a large number of indices that help it to assess the overall "health" of the community, specifically addressing the characteristics of the community that it deemed critical to retention and attraction.

Charlotte's primary goals were to ensure that government services were managed efficiently and that attention was targeted at Fragile neighborhoods. It developed a performance measurement system that has two components—citywide goals for the services provided by various agencies and an indicator system that tracks the strength of the targeted neighborhoods.

Austin wanted to better understand the value of its various services, distinctions that became particularly helpful when the city faced a budget crisis.

King County wanted to develop a general sense of program effectiveness, and it needed to track compliance with a state-mandated growth management ordinance.

### **Lesson #3: Involve Key Partners**

Virtually all grantees have partnerships with nonprofit organizations, other public agencies, political leadership, and a myriad of other groups. Each of these groups can have a significant impact on the functioning of the community development program and provide valuable input in the design and implementation of a performance measurement system.

Thus, no performance measurement system would be complete without significant consultation with the grantee's partners. Each of the systems visited had carved out an important role for their partners. Charlotte created Neighborhood Action Teams that spanned a range of city departments such as public safety, code enforcement, public works, and community development. These teams work together to implement and report on improvement plans for their target neighborhoods. King County partnered with the United Way to collect and review performance data. There is an interdepartmental working group that sets county goals, and the United Way sits on this committee.

Among the most important partners in designing the performance measurement system can be community members. Public involvement in the creation of the performance measurement system can help to ensure that the system is measuring the "right" outcomes that are important to the agency's clients. The public can be involved in the performance measurement system in several ways, including providing input into the factors to be measured, offering feedback on the quality of customer service, and sharing information on the long-term results of various agency programs, such as neighborhood

revitalization or public service programs. Agencies can involve the public through surveys, public meeting/hearings, or focus groups.

The King County Communities Count initiative focuses on health and social indicators. These indicators were developed through phone surveys and focus groups that asked citizens to identify key social, health, and economic issues. Minneapolis used a Citizen Engagement Process that included a survey of residents. It was designed to elicit feedback on citizen expectations and satisfaction on progress toward goals. Burlington makes extensive use of citizen advisory committees and leading local organizations. The citizen advisory committees, called Neighborhood Planning Assemblies, assist the city in rating and ranking CDBG proposals. Community organizations and local groups are involved in the development and implementation of the Legacy Project, a plan for tracking and improving quality of life.

Grantees should assess who in the community is important to the outcomes of their programs. This might include citizens, neighborhood organizations, resident councils, other city departments or nonprofit leaders. Grantees may also wish to consider organizations that could be useful to them in developing and implementing the performance measurement process, such as local universities or community colleges, the local United Way, foundations, or civic groups. Based on this assessment, the grantee can invite these partners to assist in the design of the performance measurement system and in the collection and analysis of data. Grantees should then report to these partners--and to citizens--on the results of the performance analyses.

### **3.3 Lessons Learned Related to Performance Measurement and Assessment**

The second set of lessons pertain to adapting the performance measurement model to the political, social, and institutional context, as well as making sure that the “right” measures are being collected and examined.

#### **Lesson #4: Measure Community-Focused Outcomes, as Well as Outputs and Efficiency Measures**

In many performance measurement systems, the focus is solely on the efficiency of the program. For example, a grantee could measure how many units a code enforcement officer reviewed in a single day. While this enables citizens to know whether the code enforcement division is doing its job, it does not tell them anything about whether these enforcement tasks made a difference in the community. In addition to the efficiency measure, the grantee might want to have an outcome such as “Increase in structural safety and quality in the XYZ neighborhood.” The grantee then could use the code enforcement data, along with building permit, tax or other indicators, to document improvement to unit quality.



Some of the grantees visited for the site assessments have worked to select indicators with this outward looking community focus and to share this information with their citizens. Austin originally had an inward, process orientation instead of a community-focused perspective. The city changed its approach in two ways. First, it provided ready access for citizens to performance information via a Web site. Second, a classification scheme was developed that prioritized city services according to community needs. Core services, such as public safety and public health, are those services deemed to be fundamental to carrying out the responsibilities of local government. Semi-core services, such as workforce development, are services that local governments may provide to augment the level of services provided by other entities. Finally, non-core services and service enhancements are neither core nor semi-core. In tight budget years, the classification of services revealed where cuts could be made without harming service levels.

An overall quality-of-life index provides a broad assessment of a community's social and economic well-being. Some of these communities have developed or are using a quality-of-life index that accounts for a wide range of factors and tracks these over time to show progress. For example, Charlotte's QOL is used to identify and then target Fragile neighborhoods for revitalization initiatives. In Burlington, a collaborative effort between the Burlington Legacy Project and the University of Vermont's GUND Institute for Ecological Economics is attempting to develop a "genuine progress indicator" (GPI), which seeks to provide total measure of net social well-being. Based on widely measured indicators, this proposed indicator would be able to compare Burlington's progress over time to other communities.

Some grantees do not really measure outcomes but rather just outputs. It is important to be able to show not only the total number of "widgets" produced but also the results of widget production. For example, a homebuyer program could count the number of families who received downpayment assistance, but this does not inform the grantee or its citizens about whether that program really made a difference. In addition to counting the number of families, the grantee may also wish to track an outcome of the percent change in the local homeownership rate or the increased stability of a particular neighborhood. For example, King County tracks the percentage of families who move from temporary shelter programs to permanent housing.

In choosing what to measure, grantees are reminded of the distinction between place-based and person-based outcomes. Place-based outcomes are those that center on a particular neighborhood or area. For example, a grantee might have an outcome such as "increased access to commercial and retail services for the old city neighborhood." Person-based outcomes are those that focus on changes in a particular population group. For example, a grantee might have an outcome such as "increase the number of elderly and disabled residents living in standard units." Given the flexibility in the CPD entitlement programs, most grantees will need some person-based outcomes and some place-based outcomes.

**Lesson #5: Choose Outcomes That Tie to Goals**

Grantees' local planning or budgeting documents generally identify program goals. The outcomes addressed by the performance measurement system must relate to those goals in order to assess progress towards those goals. Thus it is important to think about performance measurement when developing key planning documents and to consider the community's stated goals when choosing outcomes and indicators.

In Minneapolis, each city department develops a five-year business plan. This plan links services to goals. It describes the department's mission, business lines, activities, customer expectations, alignment with city goals, and performance measures. City leadership reviews and comments on each department's plan. The plan is periodically reassessed and progress toward performance measures is reviewed during the annual budgeting cycle. King County has used focus groups to analyze its Consolidated Plan goals and align them with their performance measurement benchmarks.

For HUD grantees, it is important that the performance measurement system be tied to the Consolidated Plan. The Consolidated Plan is the formal submission by a grantee to HUD to outline how it plans to spend its CPD entitlement funds. The Consolidated Plan is typically a five-year document; an Annual Plan that provides specific details for a particular grant year accompanies it. In the Consolidated Plan and Annual Plan, it is important that HUD grantees choose goals that meet the needs of the community and where the progress toward those goals can be measured. The grantee's performance measurement system should be designed to track outcomes related to the Consolidated Plan goals. In addition to local reporting, the grantee will report progress toward Consolidated Plan goals via its annual Consolidated Annual Performance and Evaluation Report (CAPER) to HUD and via the Integrated Disbursement and Information System (IDIS).

**Lesson #6: Select a Reasonable Number of Outcomes and Indicators With Available Data**

Some sites visited initially had many outcomes and even more indicators. These grantees found that it was too difficult and too time consuming to track numerous outcomes. Also for some of the outcome indicators, data collection proved difficult. Some of the case study communities needed to pare down outcomes and indicators to those where data could readily be obtained.

For example, in Austin, the Budget Office and City Auditor initially chose 4,400 performance indicators citywide. The city's departments felt that they had little say in these indicators and there were too many to reasonably track. Starting in FY 2003, city departments were allowed to select their own specific performance measures, which has given them a sense of ownership over the measures and resulted in a significant reduction in the number of measures being reported citywide—down to 2,400.

In Burlington, the Legacy Project uses more than 57 of what it considers outcome indicators. While this approach has proven helpful for the community overall, they found that it was difficult for them to use these measures to specifically track the effectiveness of their community development programs. Project staff developed new community

development indicators that are more directly focused on the outcomes of their HUD-funded programs and where they felt that data collection was more feasible.

There is no hard and fast rule about how many outcomes are appropriate. In the first instance, desired outcomes arise from what leaders want for their communities. Beyond that, the answer will depend upon the types of programs run by the grantee and the available resources to collect and track data. At a minimum, there should be at least one outcome per program with one or more indicators per outcome. The objective is to measure outcomes that provide a full-spectrum assessment of whether community goals are being attained.

### **Lesson #7: Create Accountability Through Reporting**

One of the major issues in maintaining a performance measurement system is to ensure that all key parties work toward achieving and documenting outcomes. In several of the sites the ESI Team visited, the grantee created accountability through reporting and management meeting.

Charlotte establishes citywide performance goals as part of a corporate scorecard. The corporate scorecard is then linked to a departmental balanced scorecard that is used internally to build a work plan, set targets and monitor progress. Status against key performance targets is rated with a green (on target) or red (behind target) assessment. Key staff meets periodically and discuss status of progress. No one wants to be the team with the red mark and so everyone works hard to achieve his or her goals.

Austin also uses its measures at managers' meetings to track progress towards specific performance goals. On a monthly basis, departments submit performance data, either via an Intranet application or through Excel spreadsheets, into the city's CARMA performance measurement database, which is operated by the Budget Office. The Budget Office, using CARMA data, tracks performance throughout the year and publishes performance reports. The Budget Office takes an approach that it refers to as "consequential accounting." While it does not require departments to meet specific targets or goals, it may ask a department to explain why a goal is not being met! The Neighborhood Housing and Community Development Department management team reports that the measures have been useful for anticipating impending problems, such as program spending rates above targets, an activity/output measure. Interviews with midlevel staff confirm the use of the measures as a management tool, noting that failure to reach a goal or slow progress towards attainment of a goal will likely produce a conversation with the assistant department manager.

These reporting mechanisms can be built into the existing process used by the grantee. For example, if the grantee already has monthly management meetings of departmental directors, performance measurement can be added to the agenda. If the grantee already has an established budgeting process, the review of past performance measurement can be integrated. The reporting process need not be complex. Rather its intent is to periodically shine the spotlight on performance and to hold appropriate organizations and staff accountable for results both on an interim basis and over the longer term.

### **3.4 Lessons Learned Related to Feedback**

The final set of lessons address the use of the results of measurement and assessment efforts to improve programming and fine-tune goals.

#### **Lesson #8: Integrate Performance Measures into Agency Procedures and Policies**

To ensure that the performance measurement system is useful, grantees need to integrate it within their day-to-day procedures and policies. The performance measurement system needs to be shared with all grantee employees and achieving the intended outcomes needs to be part of their daily responsibilities.

For example, Austin incorporates performance data into individual employee reviews. A portion of the employee's annual performance assessments includes the attainment/non attainment of the performance measure for the program that the employee staffs and/or manages. Austin calls this process a "Success Strategy Performance Review." Community Development agency management report that this has motivated employees in their work.

Charlotte also incorporates performance targets into their employee's reviews. This process is included for all city departments and staff. Employee targets include not only the performance measurement system outputs but also customer service goals.

Minneapolis' performance measurement system is just beginning to be applied to its community development agency, and is currently used only for performance reviews only of department heads by the Mayor and Council. Within a few years they hope to collect output measures at the level of individual staff members.

Integrating performance measurement into the agency's procedures, especially the employee review procedures, can be complex. It is important that the grantee consult with its employees as it makes these changes in order to obtain their input into fair and reasonable expectations and timeframes. Grantees may need to consult with other parties in this process such as city leadership and local employee union representatives.

#### **Lesson #9: Build in a Feedback Loop for Program Planning and Decisionmaking**

It is very important that grantees not only track the progress of their programs, but that they also use this information in future funding decisions. This includes determining whether particular programs are achieving their intended purposes and then adjusting these programs if they do not. This also includes looking at who is funded—subrecipients, Community Housing Development Organizations (CHDOs), other nonprofit organizations, private entities, and public agencies—and determining whether they are achieving the intended outcomes.

In Burlington, the city evaluates how efficiently and effectively its subrecipients use their funding. This information is incorporated into subsequent funding decisions. Performance measures are built into the contracts with these agencies and the city monitors subrecipient performance against these measures and their related goals. In their funding application, the city then asks subrecipients to report on past performance.

Austin has had difficulty getting subrecipients to report information that was not included in service contracts. Contracts now specify the measures that subrecipients will be measured on and the performance-related reporting requirements.

Charlotte also includes performance targets in subrecipient contracts, specifying service areas and outcome measures. The compliance staff reviews each subrecipient every three years. Review results are sent to program managers, where they may form a part of subsequent grant application reviews.

Grantees should clearly establish their expectations at the beginning of the funding year. Then program outcomes can be measured against clear targets and, at the end of the year, a determination can be made as to whether a particular program has been effective. When dealing with partners, such as subrecipients or CHDOs, grantees should spell out the performance measures directly in the written agreement. It should be clear to the subrecipient that its future funding depends on making progress toward the intended outcomes.

**Lesson #10: Change the Performance Measurement System as Needed**

It can be very difficult to develop a performance measurement system. Selecting the right outcomes is complicated and it is difficult to develop effective and efficient data collection systems. So, in virtually every site visited, the performance measurement system needed tweaking after its initial development.

For example, Minneapolis began developing its performance measurement system in 1999. However, it had little buy-in from most city departments. With the election of a new mayor and a series of local economic issues, the city revised its performance measurement efforts and came up with a new system called Focus Minneapolis. This revised system is designed to assist in the budgeting process and it helps to review the performance of departments. Austin has both pared back the number of measures and implemented a much more robust public reporting process.

Grantees should plan to reevaluate their performance measurement system a year after it is in place and then periodically thereafter. Systems need to be periodically amended to be sure that they keep pace with the grantee goals and that they are not overly burdensome for staff and subrecipients. Grantees should also ensure that the system continues to provide it with relevant useful information. Performance data should be used to improve and refine local programs and services to the community. In addition, performance data will be periodically reported to HUD and used to demonstrate the outcomes and effectiveness of the HOME, CDBG, HOPWA, and ESG programs. Therefore, the data resulting from the grantee's performance measurement system has both a local and a national impact on programs.

### **3.5 Tactics**

In addition to the general lessons about how to develop and implement a performance measurement system, there are a number of smaller tactics or tools that grantees can use to make the process more effective. Some examples are highlighted below.

**Use survey techniques.** In several of the sites, surveys were used to obtain input from citizens, staff and subrecipients on the grantee's performance. Surveys not only can be a good source of performance data but also can help to shape and define needed programs and procedures.

**Develop online and database tools.** Online tools, such as Austin's CARMA system, can be an effective way of collecting data. An online system could allow staff or subrecipients to enter data directly, rather than needing to submit paper performance measurement reports that later need to be entered into a database by grantee staff. In addition, the Internet can be used to provide the public with periodic reports of progress. For example Austin's new online performance measures website provides the public with detailed quarterly info on programs, activities, and performance indicators (actual data and targets).

**Integrate IDIS into the system.** IDIS is HUD's main data collection and financial interface for its CPD entitlement programs. Some grantees have taken steps to integrate their performance measurement systems with IDIS. For example, Austin has taken several steps that aid the use of IDIS as a performance measurement tool. It has: (1) devoted a technologically savvy employee to managing IDIS for performance purposes; (2) developed a macro for converting IDIS data into MS Access© to enhance search ability (the business analyst estimates that this saves almost 80 hours a month of searching through IDIS); (3) used prior year flags in IDIS to aid in accuracy of counting housing units; (4) entered all housing activities at the address level to aid in GIS mapping and property level reporting; and (5) used IDIS activity codes to cross-reference IDIS with internal mainframe accounting system.

**Use mapping tools.** In some jurisdictions, it is important to see the areas where the performance measures are targeted. This is especially the case where grantees have chosen "place-based" performance measures that are designed to address the needs of particular neighborhoods. Mapping technologies can help to indicate which areas have needs and show the progress in those areas. For example, in King County they use mapping to compare progress among member jurisdictions. It also helps them to determine which jurisdictions are absorbing their fair share of growth and affordable housing.

**Provide training and technical assistance to partners.** It is important that partners in the performance measurement process understand the key requirements and know what is expected of them. Some grantees therefore provide periodic training to staff and subrecipients on performance measurement basics and the local system.

**Use benchmarking tools.** One of the key issues in developing a performance measurement system is developing a "baseline" of the grantee's current status. Then, the grantee can establish benchmarks that help it to track progress. For example, King County has tracked progress towards implementing growth management goals by tracking growth in a periodic series of reports (the first report in the series serves as a benchmark).

## **Chapter 4. NEXT STEPS**

This chapter highlights the key steps in developing a local performance measurement system. It focuses on the tasks and key decisions to be made by grantees at each key step. In addition, this chapter lists other resources for additional information on performance measurement.

### **4.1 Introduction**

This report presented a range of approaches used by grantees to measure the performance of their community development programs. It also highlighted some of the key lessons learned in creating and overseeing performance measurement systems. The next step is for local grantees across the country to develop their own performance measurement systems.

Grantees need to develop a system that is both locally responsive and allows for the collection and reporting of national performance measures. It is important to remember that there are HUD requirements for measuring performance. The Department is currently working with public interest groups and the Office of Management and Budget to develop a series of performance measures that can be used by grantees to report data that can be aggregated across the country.

Previous chapters emphasized the importance of developing a performance measurement system that meets local needs and is well matched to programs. The research from this study has clearly affirmed that there is no “one size fits all” approach to local performance measurement systems. Each must be crafted to address the funded activities, the local political environment, and the goals of the community.

Grantees can undertake a series of steps in developing and implementing their own performance measurement systems. The material presented here is very similar to that presented in previous chapters and, in some cases, provides an elaboration on ideas introduced elsewhere. Here, however, the objective is to present a *process* for designing and implementing a new performance measurement system. The following sections provide an overview of this process.<sup>34</sup>

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<sup>34</sup> Note that background information and text for this section was adapted from HUD’s Office of Affordable Housing’s Measuring Up training course and from the HUD Office of Native American Programs’ class for managers on performance measurement.

## **4.2 Implementing and Managing a Performance Measurement Process**

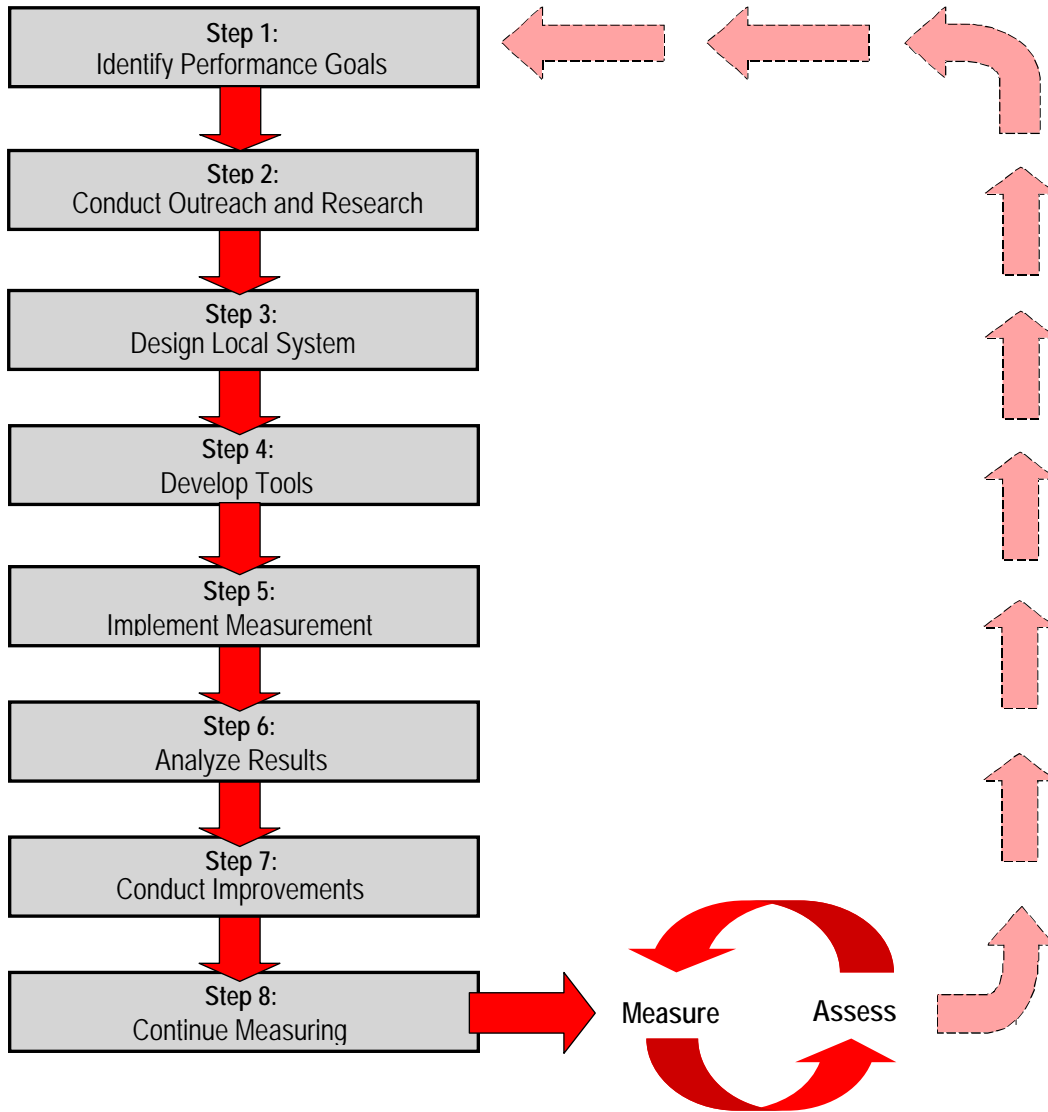
To determine whether desired outcomes are achieved, grantees need to establish a performance measurement system. Although each performance measurement system is likely to be tailored to the individual community, there is a set of common steps used by grantees to assess their current status, determine the type of system they need, implement that system, and oversee the results.

The chart on the following page highlights the key steps in this process. Although each of these steps needs to be undertaken, steps may be undertaken in a different order or some steps may be combined given local circumstances. For example, some grantees might design their performance measurement tools (such as data tracking systems) concurrently with designing the overall process. It is important to note that the performance measurement process is not static—thus, the process includes a feedback loop on the right side of the chart. Grantees need not only to measure the results of their activities, but also to use this feedback to make future program decisions and periodically reassess their program goals and the functions of their performance measurement system.

The text after the chart describes each of the steps in implementing and managing a performance measurement system and highlights some of the key questions for grantees in completing the steps. It is important to note that these questions specifically apply to how a CPD grantee can implement a performance measurement system. However, in all of the communities visited for this study, the system was intended to be broader than the community development agency. Indeed, most of the systems were city/county government-wide and were developed to meet local performance objectives. Grantees should consult with community leaders in order to assess the proper scope of the local performance measurement system.



Exhibit 15. Steps in Implementing a Performance Measurement System



**Step 1: Identify Performance Goals**

The first step in implementing an effective performance measurement system is to identify the grantee’s desired program goals. Even though federal programs’ purposes are typically determined by statute, this first step should not be overlooked. For example, the overall statutory objectives of the CDBG program are to create a suitable living environment, economic opportunities, and decent housing, principally for persons of low- and moderate-income. These are very broad goals and grantees are given wide discretion in determining how to focus the program locally.

Typically, grantees express their program goals in their Consolidated Plan. However, some grantees are relatively vague regarding the goals that they list in the Plan. For example, a grantee might express a goal such as “Promote affordable housing.” While this is an acceptable goal, it may not be sufficiently detailed so as to provide a roadmap for measuring outcomes. So, grantees should evaluate the goals they established in the Consolidated Plan and determine whether these goals require additional refinement in order to be useful for the performance measurement process.

In addition, since the Consolidated Plan is typically redeveloped only every 5 years, it may be that when the performance measurement system is being developed, the community’s needs have changed and it may seek to update its Consolidated Plan. The performance measurement process can be a catalyst for making these changes. Grantees should recall that if the refinements or updates noted above will be deemed a “substantial amendment” to the Consolidated Plan, the grantee will need to go through the public participation and HUD review process.

In selecting and updating program goals, grantees should answer questions such as:

- What are the statutory purposes of the federal funding program and do the grantee’s selected goals seek to address these purposes?
- What outcomes within the community is the grantee trying to achieve with its programs? In assessing this, a grantee should consider not only the projects that it undertakes directly, but also the projects it funds that are delivered by other entities, such as:
  - ✓ Subrecipients;
  - ✓ Community Housing Development Organizations (CHDO)
  - ✓ Community Based Development Organizations (CBDO)
  - ✓ Other nonprofit organizations; and
  - ✓ For-profit and nonprofit developers.
- Who is the target service population (or neighborhood) and are the program goals clearly designed to reach this population/neighborhood?
- Have the community’s social, political, or economic conditions dramatically changed in recent years? If so, what impact has this had on the grantee’s programs and are these changes captured by the goals?

### ***Step 2: Conduct Outreach and Research***

After selecting the programmatic goals, the grantee then needs to reach out to its partners—such as citizens, the local political leadership, other public agencies, or nonprofit organizations—to determine how these goals should be measured and how the performance measurement system should be designed. This outreach will not only inform the partners of the importance of performance measurement but also serve as research to collect their input into the system. First, it is critical that the grantee provide background information to these partners to ensure that everyone understands that performance measurement is a necessary part of implementing community development programs. In addition, the grantee will often need to work with these partners to help explain the

importance of tracking outcomes, as well as outputs. After everyone understands the importance of performance measurement and what needs to be assessed, the grantee can work with its partners to obtain input into the type of system that would be efficient and yet provide the needed information.

In beginning this consultation process, the grantee may wish to research further the approaches used by other grantees or the current theories on performance measurement. Additional resources are provided at the end of this Chapter.

After conducting background research, the grantee is ready to consult with its partners. This may be accomplished via facilitated meetings, a survey, or individual interviews. Regardless of approach, the intent of this data collection is to obtain input into what should be measured and how the system should be designed. Key questions to ask partners and grantee staff include:

- Are any outcome data currently collected? If yes, what?
- Given the goals identified for the program, what would be expected outcomes or results for low-income families and neighborhoods?
- How could these outcomes be measured? In other words, what would be the numeric indicators that would help to document these outcomes?
- What type of performance measurement system would be easiest in terms of data collection and reporting? Should it be automated? How often should the reporting occur?
- How should the results of the performance measurement analysis be shared with partners and the community? How should these results play into future funding decisions?

### ***Step 3: Design the Local Performance Measurement System***

After obtaining input into what should be measured, the grantee is ready to design the performance measurement system. There are two elements of this task. First, the grantee needs to choose specific outcomes and outcome indicators that it will track. Second, the grantee needs to determine how the performance system will function.

The grantee's chosen performance measures may include a mixture of output, outcome, and efficiency measures. However, as previously discussed, the PART and GPRA federal initiatives and the national performance measurement system being developed by HUD require that agencies look not only at outputs but also at outcomes. Unfortunately, many current performance measurement systems are solely focused on counting units, jobs or households receiving services—in other words “outputs.” While these outputs can play an important role in a performance measurement system, they do not stand alone as a complete assessment of an activity. Outputs do not help to explain the benefits or community changes that occurred as a result of the program.

Defining performance measures requires careful thought, as the measures that are selected become the foundation for subsequent planning and implementation activities. If the performance measures are not well conceived, the value of the performance

measurement system is diminished. Focusing on the wrong outputs or outcomes and/or collecting data simply for the sake of collecting data can be a waste of time and money.

Although it may be tempting to design measures around existing data, these measures may not always be the most meaningful. Nonetheless, it is very important to give consideration to how the data can be collected when identifying the grantee's performance measures. Some "startup" activities may be required (forms, procedures, and management information systems may need to be altered to gather the new data), but collecting the data should not impose huge administrative or financial burdens on the grantee or its subrecipients.

Outputs are typically easy to measure as they involve tracking the number of products or services the agency is able to complete or provide. For community development activities, the most common outputs are individuals served, jobs created or units produced. Many outcomes, however, are not concrete

enough to measure directly. For example, how does a grantee measure whether a neighborhood has been revitalized? To measure such outcomes, grantees must identify **outcome indicators** that will represent the achievement of that outcome.

Specifying an outcome indicator requires the grantee to determine two things:

- The specific observable, measurable characteristic or change that will represent achievement of the outcome; and
- The specific statistic(s) used to summarize the level of achievement, also known as a **performance target**.

An indicator may not capture all aspects of an outcome. As a result, some outcomes may require more than one indicator. For example, to measure neighborhood revitalization, one might track the following indicators:

- The vacancy rate in the neighborhood;
- Increases or decreases in property taxes;
- Increases or decreases in average home sale prices; or
- The level of private investment in the neighborhood.

Exhibit 16 highlights some sample outcomes and indicators.

#### **Data Checklist**

Once the grantee has identified the data it hopes to collect, check the data for the following:

- **Commonality:** The selected indicators should be relevant to all or a majority of neighborhoods/beneficiaries served by the program.
- **Measurability:** The indicators should be objectively measurable, meaning not only should the grantee be able to track changes precisely, but also different people doing the same measurement should end up with the same result.
- **Accessibility/feasibility:** Data should be readily available to the grantee. Collecting the data should not impose a huge administrative burden or cost.
- **Consistency:** For data comparisons to be useful, grantees have to compare "apples to apples." For example, if the grantee is using tax assessments as an indicator of property values, it needs to make sure the tax code has not changed, thereby raising or lowering the base rate.

**Exhibit 16. Examples of Housing Program Outcomes**

Type of Change	Sample Outcome in a Housing Program	Sample Outcome Indicator
Change in circumstance	Neighborhood is revitalized	Change in the number of dilapidated units in the area
Change in status	Enhanced housing stability	Change in the rate of homeownership in the community
Change in functioning	Increased independence for disabled persons	Change in the number of accessible units in the community
Change in quality	Increased housing quality for elderly households	Change in the number of elders living in substandard units

One of the most important issues that the grantee will face in selecting its outcomes and outcome indicators is determining the starting point for measurement. In other words, what is the standard or beginning metric against which progress will be measured? This starting point is known as the baseline. For example, assume that a grantee has selected an outcome of increasing the homeownership rate in their community. In order to know whether the rate has increased, the grantee needs to know the current homeownership rate. That current rate is called the baseline. For some outcomes, the baseline is fairly easy to identify and the data are readily available. For example, many communities have existing data on their homeownership rate. However, other baselines are more difficult to assess. Assume that a grantee chooses an outcome of a decrease in illnesses as a result of poor quality or unsafe drinking water (to measure an impact of its CDBG water and sewer program). In order to determine this decrease, the grantee would need to know how many people in the community are currently made ill by their water. Some of these data may be available through their local health department but it is unlikely that every family has reported such illnesses or that every well in the community has been tested. So, this baseline might be very difficult to establish.

Grantees need to consider the available baseline data in selecting outcomes. This is not to say that the baseline should solely drive the selection of the outcomes. If this were the case, the grantee might not get a very accurate picture of the breadth of its activities and outcomes. However, grantees should assess the availability and reliability of baseline data when selecting outcomes and indicators. When baseline data are not available, the grantee should determine whether it is important to measure this outcome and, if yes, what the alternate means are of establishing the baseline. Options for establishing baseline might include conducting a survey; approximating a baseline by adapting existing data, such as Census data; or seeking comparable regional or national figures that might provide a rough estimate for the community.

The grantee can also consider slightly changing its desired outcome to make better use of this approximate data. For example, instead of an outcome that is the decrease in illnesses due to poor quality water, the grantee might elect to measure a reduction in the number of families seeking treatment from local health clinics as a result of water borne illnesses. The grantee then could collect the data from the clinics about the current number of such illnesses and then later survey the clinics to see if this has changed as a result of the grantee's infrastructure programs.

In selecting outcomes and indicators, the grantee also needs to determine whether it will indeed be able to collect the needed results data. The grantee has a contractual relationship with its subrecipients, so it can compel them to report needed outcome data periodically. However, the grantee does not necessarily have an ongoing relationship with others that it funds or with its partners in the community. For example, assume that a grantee funds a neighborhood-based business loan program. The business is required to create neighborhood jobs in return for CDBG funding and the grantee tracks the creation of those jobs and the incomes of the persons obtaining the jobs. However, these are outputs. The outcomes would tend to be more longitudinal and deal with issues of whether the job raised the family out of poverty or whether the assistance helped to create stable healthy businesses in the community in the long term. These outcomes are harder to measure and the business is typically under no obligation to collect or report data once the national objective has been met.

In these instances, the grantee needs to consider whether the outcome data can indeed be collected. If it cannot, the grantee either needs to modify the chosen outcome or seek options for estimating the result. In the business loan example, the grantee could instead select an outcome that measured increased commercial real estate tax revenues as a proxy for healthy retail activity in the businesses' neighborhood. The grantee could obtain these data from its tax department and would not be reliant on the long-term reporting of its funded businesses. Alternatively, the grantee could contract with its local community college to conduct a periodic survey of area businesses on their financial health and commercial activity. While this might not reach all of the CDBG-funded companies, it might serve as an estimation of the overall health of neighborhood businesses.

After identifying *what* the grantee wants to measure, the grantee must determine *how* it can measure it. This task involves developing the actual process for measuring performance. The performance measurement process is the series of tasks (practices and tools) to be undertaken by the grantee and its subrecipients to collect performance data and then analyze that data. So the grantee needs to determine the answers to questions such as the following:

- Which grantee agencies will be covered by the performance measurement system? Note that virtually all federally-funded programs are covered by GPRA, although each of the federal agencies may have different requirements.
- Who at the grantee's community development agency (or other designated agency) will be responsible for collecting and analyzing data?
- How will information be collected from subrecipients and developers? Written reports or electronic? How frequently will these entities report data?
- How will the grantee ensure staff and subrecipient accountability for achieving outcomes?
- How will the grantee train its staff and the staff of its subrecipients on the performance measurement system?
- How will the grantee share the performance reports with community leaders, partners and the public?

#### ***Step 4: Develop Tools***

Once the grantee has designed the architecture of the performance measurement system, it then needs to create the specific tools that assist the grantee to oversee the process. There are generally three types of tools that the grantee will need to develop:

- Data collection tools—these are tools that will be used by grantee and subrecipient staff to report data;
- Data analysis tools—these tools will assist the grantee to assemble and evaluate the data it receives; and
- Outreach tools—this will include report formats that are designed to share results with the community.

Data collection tools can range from simple—such as written monthly report templates—to complex—such as online data reporting systems. The types of data collection tools used by any particular grantee will vary based on the complexity of their programs, their number of staff and subrecipients, and the funding available to develop the tools.

Data analysis tools are the spreadsheets and databases used by designated grantee staff to aggregate, assess and track progress toward the goals. As with the data collection tools, grantees can design very simple data analysis tools or they can design more complex assessments.

Outreach tools are the reports that are provided to staff and the public on the progress toward chosen goals and outcomes. Some grantees may wish to write and distribute an annual assessment report. Others may wish to share data via their Web site. Some grantees, in order to build in accountability, share data with grantee staff on a periodic basis, such as at monthly staff meetings. Grantee division leaders are then responsible for reporting on the progress of their particular programs.

#### ***Step 5: Test and Implement Measurement System***

Once the grantee has chosen outcomes and designed its performance measurement system and tools, it is time to implement this system. In the beginning and periodically thereafter, it will be important to:

- Test data collection tools and procedures; and
- Train the staff and partners involved in implementing the tools.

One of the most important but overlooked steps involved in implementing performance measurement is conducting a simple pilot effort to test data collection tools and procedures. Piloting the data collection instruments allows the grantee to address problems before it has invested significant

#### **Data Analysis Tip**

When analyzing and presenting data, the analyst should avoid using only one average, such as number of units rehabilitated per full-time equivalent (FTE), for all rehabilitation cases, since the magnitude of the rehabilitation (moderate versus substantial) affects the time necessary to perform various functions.

time and effort in data collection. A trial run of the measurement system must last long enough to encompass all key data collection points. During the trial run, the grantee is likely to identify such issues as:

- **Cumbersome data collection procedures.** Is it more difficult to collect certain data than expected? Is there an easier way to do it? Is the information still worth collecting now that the grantee knows what is involved?
- **Data quality control issues.** If more than one person is collecting data, is it being collected consistently? Does all staff define things the same way? For example, if the grantee found out that it had completed ten units of housing, does this mean there are ten completed and occupied units, or ten units that have a certificate of occupancy but which remain unsold?
- **Overlooked outcomes and changed priorities.** No matter how thorough the grantee's planning process, things are missed and priorities change.
- **Inadequately defined indicators.** Did the grantee collect all the data it needs to measure the outcomes it selected? Conversely, did the grantee collect data for which it has no use?
- **Data entry procedures.** Do the grantee's data collection instruments make it easy to tabulate findings? If not, are there other alternatives?
- **Analysis/Interpretation issues.** Is the grantee measuring what it thought it was measuring? For example, if the grantee is using the number of applications received to measure interest in its program, is it instead measuring the effectiveness of its marketing?
- **Reporting dilemmas.** If program outcomes are below expectations, what information does the grantee share?

As a part of this self-assessment process, the grantee should assess whether its indicators were indeed realistic and whether the data could in fact be collected. It may be that what sounded plausible at the design stage, turned out to be too difficult to collect during the pilot implementation. If the baseline could not be established or the data could not be collected, the grantee should go back to Step 3 and reassess its chosen system and outcomes.

After the pilot implementation is complete and the system tweaked, the grantee is ready to implement the full system. The grantee may wish to kick off the system by conducting training for staff, subrecipients, and other key partners. The training should emphasize the importance of performance measurement and the process the grantee has chosen for data collection. Periodically, after the training session and system startup, the grantee should check with staff and partners to ensure that the system is running smoothly and that no adjustment is needed.

### ***Step 6: Analyze Results***

The next step is to analyze the data to diagnose the cause of any performance concerns and/or simply identify ways that performance could be enhanced. Processing and analyzing data can be complicated. In general, it is wise to seek out someone who has



data analysis experience to help with the effort. If the grantee does not have someone on its staff with the knowledge and experience needed, there may be staff in other parts of the agency/organization that could help. Similarly, there may be individuals or organizations within the community, such as the local planning department or a local university that could act as resources.

In general, data processing includes the following key steps:

- **Enter the data and check for errors.** Data entry refers to transferring the information recorded on applications, forms, questionnaires, etc., to either a computer database or a new form that helps the grantee to summarize the data. Data processing does not necessarily need to involve computers, although the use of computers will make data analysis much easier. Regardless of how data are assembled for analysis, it is important to check for errors.
- **Tabulate the data.** Data tabulation involves generating basic statistics for the grantee's outputs and outcome indicators, such as the number or percentage of participants that achieved or contributed to a given outcome. The grantee may also be interested in calculating the averages or medians for certain items, such as the average cost per unit constructed or rehabilitated, average number of units constructed or rehabilitated per FTE, or the average change in property values within a given neighborhood or census tract.
- **Analyze the data broken out by key characteristics.** After examining the data overall, it is often useful to break down the data and compare the results by category (race, age, household size, income level, education level, neighborhood or census tract, etc.). For example, examining homeownership rates by race or census tract may provide valuable insights about the grantee's marketing and outreach efforts.

It is important to consider **benchmarks** when interpreting data and assessing performance levels. "Benchmarks" are pre-selected index points that are used for comparative purposes. A program can use its own data as a baseline benchmark against which to compare future performance. It could also measure performance in terms of whether it is meeting the community needs that the program seeks to address (that is, its goals). It is also possible to use data on the performance measures of similar programs as a benchmark. In this situation, the other program is typically chosen because it is exemplary, and its data provide a target for which to strive.

Measuring grantee performance allows the grantee to share performance reports with its stakeholders and promote its programs. The reporting process not only involves providing updates to officials, but also disseminating results to other stakeholders, including program participants, partners, and the local media. When sharing information, provide any necessary explanation about the findings. Generally, it is not enough to simply present the performance data to the grantee's audiences. The grantee will need to explain the findings to help readers understand the results. Providing context for results is particularly important for programs targeting hard-to-serve populations. It helps to explain what the populations' barriers are and what types of results other programs working with similar populations have had. It is also important to consider external factors that may affect the grantee's success. For example, the closing of a local

manufacturing plant (and therefore a jump in unemployment) may affect the default rate on loan programs. Similarly, internal factors that affect the agency's performance (such as high staff turnover) should also be documented.

### ***Step 7: Conduct Improvements***

One of the most important steps in the performance measurement process is to make maximum use of the findings to improve and promote the grantee's program(s). The following are examples of ways findings can be used to improve a program:

- **Identify staff training and technical assistance needs.** Output findings can indicate areas where service delivery personnel are having special difficulties and could benefit from focused training or technical assistance. Problem areas might include specific subjects, certain service delivery methods, or working with particular participant groups.
- **Identify changes in program design and procedures.** Performance data are an invaluable component of a program's continuous improvement process. For example, to determine whether certain groups are underserved, the grantee could compare findings among different subpopulations. In so doing, the grantee may discover that language barriers impede its ability to reach important segments of the population. This may lead to a change in program design.
- **Alter the accountability structure.** Measuring performance allows grantees to identify performance gaps and reward high achievers. What incentives do subrecipients, contractors, and staff have to be high performers? Can the grantee create new incentives or eliminate disincentives?
- **Promote the program to funders.** Although outcome measurement offers many benefits for programs, its importance in funding decisions is growing as more and more executive decisionmakers and key constituents ask for documentation of results. Being able to show effective results can make the difference between receiving discretionary budget funds and not. It can also make the difference in building relationships with potential program partners, such as lenders.
- **Guide budgets and justify resource allocations.** Findings that suggest a need for more emphasis on certain activities and services may help in building support for the additional resources needed.

### ***Step 8: Continue Measuring Performance***

Once the grantee has assessed current performance levels, identified problem areas, and implemented changes, it is important to continue measuring performance to monitor the *effectiveness* of those improvements. Changes in the political, social, and economic environment can impact the effectiveness of the program and call for strategic or tactical response on the part of the grantee. Performance measurement creates an early warning network that shows whether and how the grantee may need to modify its program strategy or operations to meet changing community needs.

Consider the following actions when implementing this step:

- Determine whether measurement tools and procedures need to be modified given the programmatic changes the grantee recently implemented (or will be implementing).
- Determine whether additional (or different) measurement tools are needed.
- Incorporate data collection and analysis into regular program procedures to help ensure that they are implemented consistently and reliably.
- Establish a schedule for re-examining performance, determining the effectiveness of the grantee's program (both strategic and tactical aspects), and making modifications or refinements as needed. Performance measurement is not a one-time activity. Once it has been incorporated into a program, it serves as a vehicle for continuous improvement.

It is important to periodically evaluate the grantee's performance measurement system to realign measurement processes with new conditions, new goals, or new information needs. This review can be as frequent (or infrequent) as deemed necessary, but agencies may find it helpful to coordinate this review of measurement activities around their annual planning process.

### **4.3 Tools and Resources**

The list below provides selected additional resources where grantees can obtain more information on performance measurement.

1. Notice, HUD 03-09. This notice is entitled *Development of State and Local Performance Measurement Systems for Community Planning and Development (CPD) Formula Grant Programs*. It highlights the HUD requirements related to performance measurement systems for CPD programs. It can be found at the HUD Web site at [www.hud.gov](http://www.hud.gov) and searching on Notice 03-09.
2. Training Manual, *Measuring Up*. This HUD Office of Affordable Housing training manual provides tools and tips for developing a performance measurement system. The training manual is available from Community Connections by calling 800-998-9999.
3. Guidebook, *A Guide to Performance Measurement*. This HUD Office of Affordable Housing guidebook provides examples and techniques for developing a performance measurement system. The guidebook is available from Community Connections by calling 800-998-9999.
4. Planning Format, Consolidated Plan. HUD has recently completed the Consolidated Plan Improvement Initiative. Information about how the Consolidated Plan can be made more useful and effective can be found at HUD's Web site at: <http://www.hud.gov/offices/cpd/about/conplan/index.cfm>.
5. Website, *ICMA Performance Measurement*. This site links into the ICMA E-Library Documents on the topic of Performance Measurement. The library is updated regularly

and does contain some password-protected documents.

<http://www.icma.org/main/topic.asp?hsid=1&tpid=18>.

6. *Performance Measurement Challenges and Strategies*. This document provides practical strategies for addressing common performance measurement challenges.  
[http://www.whitehouse.gov/omb/part/challenges\\_strategies.pdf](http://www.whitehouse.gov/omb/part/challenges_strategies.pdf).
7. *Analyzing Outcome Information*. This guide provides step-by-step basic procedures that can be used each time outcome data become available. Ongoing analysis, completed on a regular basis, can provide a stream of key information about clients and results that can help organizations improve their services.  
<http://www.urban.org/Template.cfm?Section=ByTopic&NavMenuID=62&template=/TaggedContent/ViewPublication.cfm&PublicationID=8811>.
8. *Developing Community-wide Outcome Indicators for Specific Services*. Based on an effort in Montgomery County, Maryland, supported by government, the local United Way, and other funders, this guide describes how community funders and service providers can work together to develop these common indicators.  
<http://www.urban.org/Template.cfm?Section=ByTopic&NavMenuID=62&template=/TaggedContent/ViewPublication.cfm&PublicationID=8478>.

APPENDIX A

Exhibit 17. Summary of Community Development Indicators used by the five case study communities

Indicator Category	Outputs	Individual or Activity-Based Outcomes	Area Outcomes
<b>Charlotte: Neighborhood Development Division Business Plan and Council Focus Areas</b>			
Affordable Housing	Number (N) of new and renovated units completed with city funds - Change (Ch) N of homeowners created with city funds (Ch) Percent (Pct) completion of city's housing goal (Ch)	Ratio of housing funds leveraged with city funds (Ch)	
Economic Opportunity	<b>Pct of workforce development targets achieved (Ch)</b>		
Suitable Living Environment	N of housing code compliances (Ch) N of property and appearance code compliances (Ch) Pct of area implementation plans achieved (Ch) N of neighborhood improvement projects completed (Ch) N of neighborhood leaders trained (Ch) Pct of city services meeting Model Neighborhood Standards (Ch) Pct of annual CIP investment for Quality of Life Index Infrastructure needs (Ch)	Pct of Capacity-Building Successes (Ch) Pct of neighborhoods engaged in post-training capacity building initiatives (Ch)	N of Stable neighborhoods as measured by the 2004 Quality of Life Index (Ch) Pct Change in tax valuation in targeted neighborhoods (Ch)
General	N of new or expanded financial partnerships (Ch) Pct change in new or expanded partnerships (Ch) Pct neighborhood service delivery cost compared to benchmark cities (Ch)	Pct of citizens satisfied with service delivery (Ch)	
<b>Minneapolis: Community Planning and Economic Development Business Plan, Key Outcomes and Policy Measures</b>			
Affordable Housing	N new/conversion multifamily units completed N of rehabilitated multifamily units completed N of affordable (<50%) multifamily housing units completed	N of housing units produced (including those with CPED assistance) N of unassisted housing units produced Net housing growth (units produced minus	

*Promising Practices in Grantee Performance Measurement*

<b>Indicator Category</b>	<b>Outputs</b>	<b>Individual or Activity-Based Outcomes</b>	<b>Area Outcomes</b>
	<p>N of multifamily units to result from closed loans and construction starts</p> <p>N of single-family units completed</p> <p>N of single-family units rehabilitated</p> <p>N of low/moderate income (&lt;80%) single-family units completed</p> <p>N of housing units produced (including those with CPED assistance)</p> <p>N of home improvement loans</p> <p>N of mortgage loans</p> <p>N of lots sold for single-family development</p> <p>West Broadway (Northside Partnership)</p> <ul style="list-style-type: none"> <li>• \$7 million housing rehabilitation fund established</li> <li>• Identify and prepare at least 10 opportunity properties for redevelopment</li> </ul>	<p>units demolished)</p> <p>Minneapolis share of metropolitan region housing production</p>	
Economic Opportunity	<p>N of businesses assisted by market advocates/case managers</p> <p>N of new jobs projected by assisted projects</p> <p>N of business loans closed</p> <p>N of contamination cleanup grants secured</p> <p>N of assets managed</p> <p>N of contracts managed</p> <p>N of job seekers served by workforce system</p> <p>N of job seekers placed by workforce system</p> <p>N of employment partnership agreements signed with emerging enterprises</p> <p>N of new hires from job linkage agreements (living wage jobs)</p> <p>N of businesses visited by workforce development staff</p>	<p>Increase in property taxes due to economic development projects</p> <p>Value of permits issued for new commercial construction</p>	<p>Change in overall city property taxes collected</p> <p>Change in overall jobs in city</p> <p>Ranking on quality of life indicators</p> <p>Unemployment rate for city residents</p> <p>Gap in city vs. metropolitan region unemployment rate</p> <p>Two new research labs in Lifesciences Corridor</p> <p>Number of lab expansions or startups</p> <p>Lake Street, 35W to Hiawatha (Phillips Partnership)</p> <ul style="list-style-type: none"> <li>• Continued increase in number of residents employed in Phillips neighborhood institutions</li> </ul>

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<b>Indicator Category</b>	<b>Outputs</b>	<b>Individual or Activity-Based Outcomes</b>	<b>Area Outcomes</b>
	<p>N of downtown/riverfront entertainment, cultural, recreational and educational amenities completed</p> <p>N of downtown/riverfront housing units completed</p> <p>N of arts/film activities completed as identified in the plan for arts and culture</p> <p>N of film permits issued</p> <p>Develop medical conferencing facility in Lifesciences Corridor</p> <p>Create Lifesciences Capital Fund</p> <p>Identification of joint City-University development activity to occur</p> <p>West Broadway (Northside Partnership):</p> <ul style="list-style-type: none"> <li>• 200 additional placements out of current jobs programs</li> <li>• Identify and prepare at least 10 opportunity properties for redevelopment</li> </ul>		<p>East Franklin Avenue (Faith in the city)</p> <ul style="list-style-type: none"> <li>• Increase number of earned income tax filers in 55404 and 55407 zip codes by 100</li> </ul>
<p>Suitable Living Environment</p>	<p>N of city plans/policies amended/drafted as a result of research studies</p> <p>Pct of neighborhood plans approved by City Council</p> <p>Launch or strengthen partnerships around West Broadway, Lake Street, Franklin Avenue and Central Avenue</p>	<p>Pct of residents involved in planning process who are confident that their input will become part of the city’s decisionmaking process</p>	<p>Reduce crime below city average in Empowerment Zone</p> <p>Lake Street, 35W to Hiawatha (Phillips Partnership):</p> <ul style="list-style-type: none"> <li>• 10 percent decline in Type I crimes in 55407 zip code</li> <li>• Continued increase in property values beyond city average</li> </ul> <p>East Franklin Avenue (Faith in the city)</p> <ul style="list-style-type: none"> <li>• Keep Franklin Avenue Library open</li> </ul>
<p>General</p>	<p>N of zoning code text amendments adopted as a result of policy changes</p> <p>N of clients assisted at service counter</p>		

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<b>Indicator Category</b>	<b>Outputs</b>	<b>Individual or Activity-Based Outcomes</b>	<b>Area Outcomes</b>
	<p>N of building permits reviewed at service counter</p> <p>N of land use applications reviewed</p> <p>N of Heritage Preservation Commission applications reviewed</p> <p>Pct of land use applications approved or denied within state-mandated timeframes</p> <p>Reduction in number of “live” telephone calls to staff through use of the IVR and referral to the Zoning Web site</p> <p>Development of key indicators to drive the CPED budget in 2004</p> <p>Number of neighborhood organizations assisted</p> <p>Amount of financial assistance to neighborhood organizations</p>		
<b>Austin: Performance Measures Database</b>			
Affordable Housing	<p><b>Homeless Services (ESG)</b></p> <p>Number/Pct of clients who achieve targeted housing and homelessness outcomes</p> <p>Pct of homeless population receiving transitional housing</p> <p>Pct of homeless population receiving shelter</p> <p>N of homeless persons receiving emergency shelter</p> <p>N of homeless persons receiving transitional housing</p> <p>Cost per client receiving homeless services</p> <p>Pct of homeless persons receiving shelter and housing assistance who qualify for and move into permanent housing</p> <p>N of homeless persons receiving essential services</p> <p><b>HIV Community Programs (HOPWA)</b></p> <p>Pct of HIV infected/affected clients surveyed who have</p>	<p><b>Homeless Services (ESG)</b></p> <p>N of homeless persons who qualify for and move into permanent housing per year</p>	<p><b>Homeless Services (ESG)</b></p> <p>Change in estimated homeless population in Travis County</p>



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<b>Indicator Category</b>	<b>Outputs</b>	<b>Individual or Activity-Based Outcomes</b>	<b>Area Outcomes</b>
	<p>received support services (non-primary care) which have improved or maintained quality of life</p> <p>N of HIV infected in the health service delivery area</p> <p>Cost per HIV client provided case management services</p> <p>Cost per primary prevention, education and outreach encounter</p> <p>N of unduplicated HIV clients provided case management services</p> <p>N of primary prevention, education, and outreach encounters</p> <p><b>Assisted Housing</b></p> <p>Cost per unit assisted</p> <p>N of renters assisted who earn less than 80% median family income</p> <p>N of units assisted</p> <p>Pct of renters assisted who earn less than 80% median family income</p> <p>N of renters assisted</p> <p>Cost per renter assisted</p> <p>N of eligible households/persons served</p> <p><b>First-Time Home Buyer</b></p> <p>N of homebuyers assisted</p> <p>Cost per homebuyer assisted</p> <p>Anticipated N of applications</p> <p>Cost per unit created</p> <p>N of units purchased with Mortgage Credit Certificates</p> <p>N of homebuyers assisted who earn less than 80% median</p>		

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<b>Indicator Category</b>	<b>Outputs</b>	<b>Individual or Activity-Based Outcomes</b>	<b>Area Outcomes</b>
	<p>family income</p> <p>N of S.M.A.R.T. housing units certified</p> <p>N of S.M.A.R.T. housing units completed</p> <p>N of units created</p> <p>Cost per household assisted</p> <p>N of units purchased with Bonds/Mortgage Credit Certificates</p> <p>Pct of homebuyers assisted who earn less than 80% median family income</p> <p>N of eligible households/persons served</p> <p><b>Rental Housing</b></p> <p>Anticipated N of units created/retained</p> <p>N of Challenge Loans closed</p> <p>Hours paid to staff</p> <p>Average N of calendar days from contract signed to contract completion</p> <p>Cost per renter assisted</p> <p>Pct of renters assisted who earn less than 80% median family income</p> <p>N of renters assisted</p> <p>N of units purchased with Bonds</p> <p>N of eligible households/persons served</p> <p><b>S.M.A.R.T. Housing</b></p> <p>Total amount of waivers</p> <p>Average waiver per unit completed</p> <p>Total S.M.A.R.T. Housing units certified</p> <p>Total S.M.A.R.T. Housing units completed</p>		

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<b>Indicator Category</b>	<b>Outputs</b>	<b>Individual or Activity-Based Outcomes</b>	<b>Area Outcomes</b>
	<p>Total N of Reasonably Priced S.M.A.R.T. Housing units Occupied</p> <p>N of S.M.A.R.T. Housing single family units completed per total housing units completed</p> <p><b>Owner-Occupied Services</b></p> <p>Anticipated N of applications received</p> <p>Cost per unit retained</p> <p>N of units retained</p> <p>Hours paid to staff</p> <p>Average N of calendar days from contract signed to contract completion</p> <p>Pct of homeowners assisted who earn less than 80% median family income</p>		
Economic Opportunity	<p><b>Commercial Revitalization</b></p> <p>Cost per job created/retained</p> <p>Total increase in square footage of retail/office space</p> <p>Cost per increase of square footage</p> <p>Percent increase in square footage</p> <p>N of eligible households/persons served</p> <p><b>Neighborhood Revitalization</b></p> <p>Cost per household served</p> <p>N of households served</p> <p>N of households served in target neighborhoods</p> <p>N of childcare vouchers</p> <p>N of neighborhood projects completed</p> <p>N of Housing Information and Referrals</p>		

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<b>Indicator Category</b>	<b>Outputs</b>	<b>Individual or Activity-Based Outcomes</b>	<b>Area Outcomes</b>
	<p>N of eligible households/persons served            Cost per childcare voucher            Pct of households receiving childcare vouchers</p> <p><b>Small Business Development</b>            Cost per job created/retained            N of jobs created/retained            N of jobs created/retained for persons earning less than 80% median family income            Average N of workdays from submission to final action            Pct of jobs created/retained for persons earning less than 80% median family income            N of microbusinesses assisted            N of eligible households/persons served</p>		
Suitable Living Environment	<p><b>Lead Hazard Control</b>            N of eligible households/persons served            N of inspections            N of community outreach activities            N of skills training activities conducted            Cost per household assisted            Pct of households assisted with children under six years of age</p>		
General	<p><b>Public Facilities</b>            Pct of project construction completed on schedule            Percentage of projects that are high priorities in Consolidated Plan            Pct of projects that comply with spending requirements            N of projects</p>		

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<b>Indicator Category</b>	<b>Outputs</b>	<b>Individual or Activity-Based Outcomes</b>	<b>Area Outcomes</b>
	Cost per project N of projects completed N of eligible households/persons served		
<b>King County: Housing and Community Development Department's 2003 Report to the Community</b>			
Affordable Housing	N of units developed or preserved. N of special needs units developed or preserved. N of units of emergency and transitional housing for the homeless. N of households provided homeless prevention services (primarily eviction prevention assistance). N of households that received emergency shelter or transitional housing assistance.		
Economic Opportunity	N of permanent jobs for low- and moderate-income persons created. N of small and/or economically disadvantaged businesses assisted.		
Suitable Living Environment	N of public infrastructure and/or parks projects in low- and moderate-income communities. N of architectural barriers in existing sidewalks, parks facilities, etc. removed for access for people with disabilities. N of community facility acquisitions and/or improvements completed. N of barrier removal projects in community facilities. N of people receiving basic needs services (food, clothing, and emergency services), senior services, youth services, childcare, employment training, health services and domestic violence services.		
General			

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<b>Indicator Category</b>	<b>Outputs</b>	<b>Individual or Activity-Based Outcomes</b>	<b>Area Outcomes</b>
<b>Burlington: 2004 Action Plan</b>			
Affordable Housing	N of new rental units N of new owner units N of buyers assisted N of rehab rental units N of rehab owner units N of rental lead abatement units N of owner lead abatement units N of elderly/frail elderly housing units preserved N of new permanent supportive housing units N of units new transitional housing units		Rental vacancy rate. Pct of Burlington renters able to afford their housing in five years. Pct of Burlington homeowners able to afford their housing in five years. Affordable housing is available in every Chittenden County community. Homeownership rate in low and moderate-income neighborhoods. N of Homeless persons. N of Burlington children with elevated lead levels.
Economic Opportunity	N of jobs created N of jobs retained N of new business startups N of businesses retained Sq ft. business/commercial space retained Lease value of commercial space retained Increase in commercial/industrial grand list value and pilot Increase in property taxes collected Sq ft. new commercial space Sq ft. renovated commercial space Sq ft. commercial space made accessible		Total number of jobs in the city. Size of the city's nonresidential tax base. Downtown retail and office vacancy rates. Downtown's share of county entertainment expenditures. Pct of city residents who work in the city. The median income for Burlington families as compared to the state median income.
Suitable Living Environment	N of new community facilities N of improved community facilities N of redeveloped brownfield sites		

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<b>Indicator Category</b>	<b>Outputs</b>	<b>Individual or Activity-Based Outcomes</b>	<b>Area Outcomes</b>
General	Pct of those served in funded programs who are “very-low income,” at or below 30% of median family income N of youth served annually in funded youth programs N of children served annually in funded early education/childcare programs N of seniors served annually in funded senior programs N of residents served annually in funded crime prevention / victim assistance programs N of residents served annually in funded emergency food programs N of residents served annually in funded homeless and housing assistance programs Pct of youth reporting participation in youth programs.		N of preschoolers enrolled in nationally accredited programs. Pct of second graders meeting state reading standards. School truancy and dropout rates. Incidence of violent, drug offenses, vandalism, disorderly conduct and simple assault, and offense against family/children (non-support, neglect, desertion, or abuse). Rates of child abuse and neglect. Rates of youth reporting use of drugs and alcohol. % of Burlington seniors age 65 and older living independently.

Note: These measures include only those reviewed by officials outside the community development agency, including budget office staff, city manager and staff, and local elected officials.

## APPENDIX B

### Exhibit 18. King County Sample Performance Measures, Benchmark Report

<b><u>Affordable Housing</u></b>	
<b><i>Outcomes</i></b>	<b><i>Indicators:</i></b>
Provide sufficient affordable housing for all King County residents	Supply and demand for affordable housing (#21) Percent of income paid for housing (#22) Homelessness (#23) Apartment vacancy rate (#26)
Promote affordable home ownership opportunities	Home purchase affordability gap for buyers (#24) Home ownership rate (#25) Trend of housing costs vs. income (#27)
Promote equitable distribution of affordable low-income housing throughout King County.	Public dollars spent for low income housing (#28) Housing affordable to low-income households (#29)

Source: King County Benchmarks—Affordable Housing, 2003