

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-4970-N-01; HUD-2005-0011]

Notice of Draft Outcome Performance Measurement System for Community Planning and Development Formula Grant Programs; Request for Comments

AGENCY: Office of the Assistant Secretary for Community Planning and Development, HUD.

ACTION: Notice.

SUMMARY: On September 3, 2003, HUD's Office of Community Planning and Development (CPD) issued CPD Notice 03-09 entitled, "Development of State and Local Performance Measurements Systems for Community Planning and Development Formula Grant Programs." The notice encouraged CPD formula grantees that receive Community Development Block Grant (CDBG) Program, HOME Investment Partnerships Program (HOME), Emergency Shelter Grants (ESG), or the Housing Opportunities for Persons with AIDS Program (HOPWA) assistance to develop and use performance measurement systems. In March 2004, the Council of State Community Development Agencies (COSCDA) convened a meeting with representatives from the National Community Development Association (NCDA), the National Association for County Community Economic Development (NACCED), the National Association of Housing and Redevelopment Officials (NAHRO), the National Council of State Housing Agencies (NCSHA), CPD, HUD's Office of Policy Development and Research (PD&R), and the Office of Management and Budget (OMB) to discuss the development of a performance measurement system that would be used by CPD formula grantees to gather information and determine the effectiveness of their programs. That meeting resulted in the formation of a working group composed of representatives from those agencies and associations. The working group met at various times from June until November 2004 and developed the appendix entitled, "Proposed Outcome Performance Measurement System" which is attached to this notice. This notice solicits comments from the public and particularly from formula program grantees on the proposed performance measurement system.

DATES: *Comments Due Date:* September 8, 2005.

ADDRESSES: Interested persons are invited to submit comments regarding this notice to the Regulations Division, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410-0500. Electronic comments may be submitted through either:

- The Federal Rulemaking Portal at <http://www.regulations.gov>; or
- The HUD electronic Web site at <http://www.epa.gov/feddocket>. Follow the link entitled, "View Open HUD Dockets." Commenters should follow the instructions provided on that site to submit comments electronically.

Facsimile (FAX) comments are not acceptable. In all cases, communications must refer to the docket number and title. All comments and communications submitted will be available, without revision, for public inspection and copying between 8 a.m. and 5 p.m. weekdays at the above address. Due to security measures at the HUD Headquarters building, an advance appointment to review the public comments must be scheduled by calling the Regulations Division at (202) 708-3055 (this is not a toll-free number). Copies of the public comments are also available for inspection and downloading at <http://www.epa.gov/feddocket>.

FOR FURTHER INFORMATION CONTACT:

Margy Coccodrilli, CPD Specialist, Office of Block Grant Assistance, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 7282, Washington, DC 20410-7000, telephone, (202) 708-1577, extension 4507 (this is not a toll-free number). Hearing- or speech-impaired individuals may access this number through TTY by calling the toll-free Federal Information Relay Service at (800) 877-8339.

SUPPLEMENTARY INFORMATION:

I. Background

CPD Notice 03-09, "Development of State and Local Performance Measurements Systems for Community Planning and Development Formula Grant Programs," encouraged grantees to develop state and local performance measurement systems. In addition, it described the need for HUD to begin to show the results of the federal dollars spent on the activities funded by the CDBG, HOME, ESG, and HOPWA programs.

Many CPD grantees have been frustrated by the inability to "tell their story" to their citizens and other stakeholders about the outcomes of the investments they have made in their

communities using federal, state, and local resources. The inability to clearly demonstrate program results at the national level, which is the standard required by OMB's program assessment process, can have serious consequences on program budgets. The proposed outcome performance measurement system will enable HUD to collect information on the outcomes of activities funded with CPD formula grant assistance, and to aggregate that information at the national, state, and local level. The proposed outcome performance measurement system described by this notice is not intended to replace existing local performance measurement systems that are used to inform local planning and management decisions and increase public accountability. Grantees that had a local performance measurement system in place and those who are developing such a system should continue those efforts and are encouraged to make it compatible with this framework.

II. Performance Measurement Objectives

The proposed outcome performance measurement system has three overarching objectives: (1) Creating Suitable Living Environments, (2) Providing Decent Affordable Housing, and (3) Creating Economic Opportunities. There are also three outcomes under each objective: (1) Availability/Accessibility, (2) Affordability, and (3) Sustainability. Thus, the three objectives, each having three possible outcomes, will produce nine possible "outcome/objective statements" within which to categorize formula grant activities. Grantees will complete an outcome/objective statement in HUD's Integrated Disbursement and Information System (IDIS) by entering data in the form of an output indicator, seventeen of which have been specified and are described in the appendix to this notice.

Many of these output indicators already exist in IDIS for one or more formula programs, and this will be familiar to most grantees. However, HUD recognizes the need for terminology to be defined so that grantees, across programs, report data consistently. Some examples of terms that may require definition include numbers of persons served by public facilities or public services, area served, subsidized housing units, first-time homebuyers, and households served.

HUD requests that commenters pay special attention to the output indicators that are intended to represent most of the eligible activities carried out by grantees, and to offer definitions for

terms that may be subject to interpretation.

The list of indicators in the appendix does not attempt to describe the data collection process as it would appear in IDIS, but rather attempts to outline the fundamental IDIS data requirements across the four formula program areas and for each of the various eligible activities. In this document, the data output indicators are, by necessity, described in a narrative format that is repetitive. However, the performance measurement system will be incorporated into the redesign of IDIS, or any successor system, allowing for simplified data collection, including drop-lists and yielding performance data that can be aggregated and reported by HUD Headquarters, field offices, or grantees.

HUD acknowledges that there are some outcomes that the Department would like to be able to demonstrate that require more information than could be provided through the data described in this Notice. An example is determining whether a household that was assisted was able to maintain its homeownership. To minimize the burden on grantees, HUD will endeavor to undertake research and evaluation efforts to address such issues.

It is hoped that a fully redesigned IDIS would significantly reduce the overall administrative burden on grantees by folding the Consolidated Plan, Annual Action Plan, and Consolidated Annual Performance and Evaluation Report (CAPER) into a single performance measurement system,

thereby eliminating duplicative data entries. In the interim, elements of the performance measurement system will be incorporated into the Consolidated Plan Management Process (CPMP) Tool so that local objectives and outcomes can be entered at the beginning of the Consolidated Plan or Annual Action Plan development process, and accomplishments under those objectives and outcomes can be reported in CAPER. Grantees should continue to encourage citizens and local organizations to participate in the development of their outcome-oriented performance measurement plans and reports and make drafts available for public comment via the Internet, where possible.

The first phase of the IDIS changes, which will be operational by late 2006 or early 2007, will include many elements of the proposed outcome performance measurement system. Consequently, the new performance measurement system is planned to be in place in time for reporting Fiscal Year (FY) 2007 program year activities. HUD intends to provide training in the first half of Calendar Year 2006 so that grantees can include the system's national objectives and outcome statements as part of their FY2007 Consolidated Plan or Annual Action Plan submission.

III. Additional Opportunities for Public Participation

HUD is actively soliciting comments from grantees to improve and fine-tune the design and actual use of this

framework. CPD is also planning five facilitation sessions and one satellite broadcast to explain the importance of measuring performance and the use of the proposed outcome performance measurement system to capture those results. Dates and locations of the facilitation sessions are listed below. Additional information regarding the sessions can be obtained by accessing the following Web site: <http://www.icfhosting.com/hud/cdbg/registration.nsf> or by telephone, at (703) 934-3392.

Satellite Broadcast, June 30, 2005.

San Francisco, CA, July 18, 2005.

Philadelphia, PA, July 20, 2005.

Detroit, MI, July 26, 2005.

Atlanta, GA, July 28, 2005.

Austin, TX, August 2, 2005.

Persons wishing to comment, particularly program grantees, may use these sessions to do so, or may send comments directly to HUD using the contact information provided in the **ADDRESSES** section of this notice.

HUD intends to analyze the comments received and make any appropriate revisions prior to issuing final guidance. This will provide opportunity for grantees to include outcome measurements in their FY2007 Annual Action Plans.

Dated: June 7, 2005.

Pamela H. Patenaude,

Assistant Secretary for Community Planning and Development.

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APPENDIX

Proposed Outcome Performance Measurement System

A Working Group, established by and composed of representatives from national housing and community development associations, as well as HUD and the Office of Management and Budget (OMB), began holding monthly meetings in June 2004 for the purpose of developing an outcome performance measurement system for key HUD housing and community development programs. The working group was made up of grantee representatives from the Council of State Community Development Agencies, the National Community Development Association, the National Association for County Community Economic Development, the National Association of Housing and Redevelopment Officials, the National Council of State Housing Agencies, HUD's Offices of Community Planning and Development and Policy Development and Research and OMB.

On November 17 and 18, 2004, the members of this working group finalized their work and reached agreement on an outcome performance measurement system to propose for the CDBG, HOME, ESG, and HOPWA block grant programs. The proposed system includes objectives, outcome measures, and outcomes. The objectives are: Creating Suitable Living Environments, Providing Decent Affordable Housing, and Creating Economic Opportunities. The outcome categories are: Accessibility/Availability, Affordability and Sustainability. There is a specified list of output indicators that grantees would report on as appropriate for their chosen objectives and outcomes. Not all activities and funds are to be reported under this system, but the Working Group is confident that the list is broad enough so that results will be reported for a significant amount of activities for each program. Most of the output indicators required by the system do not require additional data collection or reporting.

As proposed, grantees would use this system in their five-year Consolidated Plans and Annual Action Plans, but are free to add objectives, outcomes, and indicators specific to their state or local initiatives or priorities. Modifications to existing HUD reporting requirements and mechanisms, such as IDIS, and CAPER or PER, will be made to include these outcomes, indicators, and appropriate data variables.

The system has been designed to enable grantees and HUD to inform Congress, OMB, and the public of many of the outcomes of the covered programs. The goal is to begin focusing on more outcome-oriented information and be able to aggregate results across the broad spectrum of programs at the city, county, and state level funded by these block grants.

HOW WILL IT WORK?

Based on their intent when funding an objective, grantees would determine under which of three objectives to report the outcomes of their projects and activities. Once the objective is chosen, the grantee would choose which of the three outcome categories best reflects what they are seeking to achieve (the results) in funding a particular activity. Next, grantees would choose

from a list of indicators (also known as outputs) to report on, and supply the data for those indicators to HUD.

The system maintains the flexibility of the block grants programs as the objectives are determined by the grantees based on the intent of the project and activity. While program flexibility is maintained, the system offers a specific menu of objectives, outcomes, and indicators so that reporting can be standardized, and the achievements of these programs can be aggregated to the national, state, and local level.

OBJECTIVES

Suitable Living Environment. In general, this objective relates to activities that are designed to benefit communities, families, or individuals by addressing issues in their living environment.

Decent Affordable Housing. The activities that typically would be found under this objective are designed to cover the wide range of housing possible under HOME, CDBG, HOPWA, or ESG. This objective focuses on housing programs where the purpose of the program is to meet individual family or community needs and not programs where housing is an element of a larger effort (such as would be captured above under Suitable Living Environment).

Creating Economic Opportunities. This objective applies to the types of activities related to economic development, commercial revitalization, or job creation.

OUTCOMES

Availability/Accessibility. This outcome category applies to activities that make services, infrastructure, housing, or shelter available or accessible to low- and moderate-income people, including persons with disabilities. In this category, accessibility does not refer only to physical barriers, but also to making the affordable basics of daily living available and accessible to low- and moderate- income people.

Affordability. This outcome category applies to activities that provide affordability in a variety of ways in the lives of low- and moderate-income people. It can include the creation or maintenance of affordable housing, basic infrastructure hook-ups, or services such as transportation or day care.

Sustainability: Promoting Livable or Viable Communities. This outcome applies to projects where the activity or activities are aimed at improving communities or neighborhoods, helping to make them livable or viable by providing benefit to persons of low- and moderate-income people or by removing or eliminating slums or blighted areas, through multiple activities or services that sustain communities or neighborhoods.

OUTPUT INDICATORS

Although implementation of the system has not yet been designed, the belief of the Working Group is that most of the input of data on output indicators will be accomplished by a

menu-driven “pick list.” While there are some data or outputs that will be required for each activity, for the most part grantees will be required to report only on the indicators that apply to the activity funded and source of funds (CDBG, HOME, HOPWA or ESG). If there is an indicator that is not applicable to the activity or an existing program requirement (statutory or regulatory), then reporting is not required for that indicator. However, if such information is available, grantees are encouraged to report that information so that the most accurate numbers can be aggregated.

For each activity, grantees would report on:

- Amount of money leveraged (from other federal, state, local, and private sources) per activity;
- Number of persons, households, units assisted (pick the one most appropriate to project or activity, one only);
- Income levels of persons or households by 30%, 50%, 60%, or 80% of area median income, per applicable program requirements (area benefit activities will show the total number of persons served and the percentage of low- and moderate- income persons served). However, this requirement is not applicable for economic development projects awarding funding on a “made available basis;”
- Number of communities/neighborhoods assisted; and
- Race, ethnicity, and disability (current categories for beneficiary reporting still apply).

Specific Indicators (for CDBG, HOME, ESG, and HOPWA, if applicable)

1) If Activity is _____ (select from the list of infrastructure and public service activities)

Number of households assisted:

- with new access to service or benefit
- with improved access to service or benefit
- where activity was used to meet a quality standard or measurably improved quality, report number of households that no longer have access to substandard service only

2) Activities are part of a geographically targeted revitalization effort (Y/N)?

If Yes (check one)

- a) Comprehensive
- b) Commercial
- c) Housing
- d) Other

Choose all the indicators that apply, or at least 3 indicators if the effort is (a) Comprehensive.

- Number of new businesses assisted
- Number of businesses retained
- Number of jobs created or retained in target area
- Amount of money leveraged (from other public or private sources)

- Number of LMI persons served
- Slum/blight demolition
- Number of LMI households assisted
- Number of acres of remediated brownfields
- Number of households with new or improved access to public facilities/services
- Number of commercial façade treatment/business building rehabilitations
- Other – can include: crime numbers, property value change, housing code violations, business occupancy rates, employment rates, homeownership rates (optional)

3) Does activity address slum and blight spot basis (Y/N)?

4) Number of commercial façade treatment/business building rehabilitations (site, not target area based)

5) Number acres of brownfields redeveloped (site, not target area-based)

6) Number of rental units constructed (new) per project or activity

Total number of units:

Of total:

Number affordable

Number Section 504 accessible

Of affordable:

Number subsidized by program (federal, state, or local, with pick list to specify which federal program)

Number of years of affordability guaranteed

Number of housing units (supported through development and operations or rental assistance) for persons with HIV/AIDS:

Of those, number of units for the chronically homeless

Of those, the number made Section 504-accessible

Number of units of permanent housing for homeless persons and families (supported through development and operations):

Of those, number of units for the chronically homeless

Of those, the number made Section 504-accessible

7) Number of rental units rehabilitated

Total Number of units

Of total:

Number Affordable

Number Section 504-accessible

Number brought from substandard to standard condition (HQS or local code)

Number meeting International Building Code (IBC) Energy standards

Of those, number meeting Energy Star standards

Number brought into compliance with lead safe housing rule (24 CFR part 35)

Of Affordable:

Number subsidized by federal, state, or local program (with pick list to specify which federal program)

Number subsidized by program

Number of years of affordability guaranteed

Number of housing units (supported through development and operations) for persons with HIV/AIDS

Of those, the number of units for the chronically homeless

Of those, the number made Section 504-accessible

Number of units of permanent housing for homeless persons and families (that are supported through development and operations)

Of those, number of units for the chronically homeless

Of those, the number made Section 504-accessible

8) Number of owner occupied units rehabilitated or improved

Number of units brought from substandard to standard condition (HQS or local code)

Number of units brought to International Building Code Energy standards

Of those, number brought to Energy Star standards

Number of units brought into compliance with lead safe housing rule (24 CFR part 35)

Number of units subsidized by federal, state or local program (pick list to specify which federal program)

Note: Owner-occupied units are not subject to Section 504 compliance

9) Direct Financial Assistance to homebuyers (Choose all that apply)

First-time homebuyers: Y/N

Subsidized tenants: Y/N

Minority household: Y/N

Downpayment Assistance: Y/N

Closing Costs: Y/N

Mortgage buy-down/Reduction: Y/N

Interest Reduction: Y/N

Second Mortgage: Y/N

10) Number of jobs created

Employer-sponsored health care benefits: Y/N

Type of jobs created (use existing Economic Development Administration (EDA) classification)

Employment status before taking job created:

Number of unemployed _____ (N/A for projects awarding funding on a "made available to" basis.)

11) Number of jobs retained, saved, or maintained

Employer-sponsored health care benefits: Y/N

Type of job created (use existing EDA classification)

Prior employment status before taking job created:

Number of unemployed _____ (N/A for projects awarding funding on a
“made available to” basis)

12) Number of businesses assisted:

- New
- Expansions
- Relocations

DUNS number(s) of those businesses

Two-digit NAIC industry classification (if needed w/ DUNS)

13) Number of new businesses that remain operational 3 years after assistance.
(no reporting necessary, HUD to determine through DUNS report)14) Does assisted business provide a good or service to meet needs of service
area/neighborhood/community (to be determined by community)? Y/N15) Number of Homeownership Units Constructed, Acquired, and/or Acquired with
Rehabilitation (per project or activity)Total Number of Units

Of those:

Number of affordable units

Number of years affordability guaranteed

Number meeting International Building Code Energy standards

Of those, the number using Energy Star standards

Of those, the number made Section 504-accessible

Of affordable:

Number subsidized by state/local programs

Number subsidized by federal programs

Number specifically for persons with HIV/AIDS

Number specifically for homeless

Of those, number specifically for chronically homeless

Of those, the number made Section 504 accessible

16) Number of renter units assisted with ongoing (monthly) subsidies (Tenant-based Rental Assistance)

Total Number of Units

Of those:

Number subsidized by state/local programs

Number subsidized by federal programs

Number assisting persons with HIV/AIDS

Number assisting homeless

Of those, number assisting chronically homeless

Of those, the number made Section 504-accessible

17) Number of homeless persons stabilized due to access to overnight shelter or other emergency housing support

Examples

Each outcome category can be connected to each of the overarching objectives, resulting in a total of nine groups of outcome/objective statements under which grantees would report the activity or project data to document the results of their activities or projects. They are activities or projects that provide:

- Accessibility for the purpose of creating suitable living environments
- Accessibility for the purpose of providing decent affordable housing
- Accessibility for the purpose of creating economic opportunities
- Affordability for the purpose of creating suitable living environments
- Affordability for the purpose of providing decent affordable housing
- Affordability for the purpose of creating economic opportunities
- Sustainability for the purpose of creating suitable living environments
- Sustainability for the purpose of providing decent affordable housing
- Sustainability for the purpose of creating economic opportunity

Each output should relate to the intended outcome/objective of the program activities and community objectives. A complete statement has these components: Output (quantified) + Outcome (from categories above) + Activity (description) + Objective. Combining these elements into a single sentence summarizes the community's activities, results, intended outcomes, and purpose in a way that can be related to resource inputs. Sometimes an adjective such as new, improved, or corrective may be appropriate to refine the outcome statement.

- 2000 homeless persons have new access to a shelter for the purpose of creating decent affordable housing
- 7 households have new access to homeownership for the purpose of creating decent affordable housing
- 24 households have sustained affordable housing by emergency repair for the purpose of providing decent affordable housing
- 52 households have new access to public sewer for the purpose of creating a suitable living environment
- 52 households have affordable public sewer for the purpose of creating a suitable living environment
- 50 persons have access to new jobs through extension of a water line to a business for the purpose of creating economic opportunity
- 50 households have affordable housing through a down payment assistance program for the purpose of creating decent affordable housing
- 75 very low-income persons living with HIV/AIDS were assisted with on-going (monthly) housing subsidies for the purpose of providing decent affordable housing

These would be the type of outcome statements grantees would report to HUD and include in their Consolidated Plans and Annual Action Plans. See diagram.

PERFORMANCE OUTCOME MEASUREMENT SYSTEM

Step 1: Assess Needs and Select Goals

Step 2: Select Objectives with Outcomes

Availability/Accessibility

Enhance Suitable Living
Environment Through
New/Improved Accessibility

Create Decent Housing with
New/Improved Availability

Promote Economic Opportunity
Through New/Improved
Sustainability

Affordability

Enhance Suitable Living
Environment Through
New/Improved Affordability

Create Decent Housing with
New/Improved Affordability

Provide Economic Opportunity
Through New/Improved
Affordability

Sustainability

Enhance Suitable Living
Environment Through
New/Improved Sustainability

Create Decent Housing with
New/Improved Sustainability

Provide Economic Opportunity
Through New/Improved
Sustainability

Step 3: Design Programs and Choose Activities

Housing Rehabilitation
Rental Housing Production
Community Facilities
Public Safety
Infrastructure
Lead-based Paint Activities

HIV/AIDS Housing
Tenant-based Rental Assistance
Economic Development
Housing for Homeless
Special Needs Housing
Homeownership Assistance

Housing Counseling
Public Services
Code Enforcement
Water/Sewer
Utilities
Transportation

Step 4: Complete the Consolidated Plan/Action Plan

Step 5: Develop the Outcome Statement

Output (quantified) + Outcome + Activity (description) + Objective

Choose indicators based on activity and outcome: (examples)

Number of households assisted	Number of persons stabilized
Number of new businesses assisted	Acres of brownfields remediated
Number of jobs created/retained	Amount of money leveraged
Number of units made 504-accessible	Number of affordable units
Number of years of affordability guaranteed	Number of housing units for HIV/AIDS
Number of jobs with health care benefits	Number of units for chronically homeless
Number of units meeting Energy Star standards	Number of units made lead safe

Step 6: Report (IDIS, CAPER, PER)

For all projects report program requirements plus:

Income levels of persons, or households (30%, 50%, 60%, or 80% of area median income)	Number of persons, households, units
Leverage	Current racial/ethnic and disability categories
Number of communities/neighborhoods assisted	