

## **Oregon Housing and Community Services 2003 Annual Performance Measure Report Executive Summary**

Oregon Housing and Community Services (OHCS) is pleased to provide the 2003 Annual Performance Measure Report. The OHCS Performance Measures provide a tool for management to evaluate key programs and internal processes that effectively measure the Department's progress in meeting long-term goals that link to Oregon Benchmarks.

OHCS has developed eight performance measures that assist in measuring the Department's five long-term goals which include: 1) Become a High Performance Agency; 2) Increase Community Involvement and Build Capacity for Community Programs and Services; 3) Increase Self-Sufficiency Among Low-Income Oregonians; 4) Reduce Housing Insecurity and Homelessness in Oregon; and 5) Increase Homeownership Opportunities for Low-Income Oregonians. Each of these five goals are linked to seven different Oregon Benchmarks which can be found on the Department website at [www.hcs.state.or.us/](http://www.hcs.state.or.us/) under OHCS Performance Measures and Annual Performance Report.

The Department was very pleased with the results from its performance measures for 2003. While the results show that OHCS reached its target for only two out of its eight performance measures, data shows that the agency was only slightly short of its intended target in four measures. In addition, the other two measures 91400-03 (Homelessness Prevention) and 91400-08 (Volunteerism in Oregon) will not be complete until further data is obtained. The homelessness prevention measure is a two-year measure for which completed information will not be available until 2005. The volunteerism in Oregon measurement is nationally driven and the Department is currently awaiting the arrival of reports for the period ending September 30, 2003 for all national service providers in Oregon.

Much of the Department's business related to housing development is impacted by financial conditions in the bond and investment market. Performance Measure 91400-04 measures the percentage of housing units developed through the issuance of tax-exempt bonds that provide affordable rental opportunities for individuals at 60% or below area median income. The target for the program has been to develop at least 88% of the total units produced as affordable to individuals at 60% area median income or below. It has been difficult for the Department to create rents for lower income individuals when the cost to developers related to negative arbitrage (the cost of borrowing during construction 4-5% versus the cost of investing in short term funds 1-2%) has made it difficult to underwrite projects at acceptable debt coverage standards. Nonetheless, the data for this particular measure shows the Department was able to develop 85.7% (or 821) of the 978 total units produced for households at or below 60% area median income. OHCS is currently exploring ways to reduce negative arbitrage cost for housing partners for fiscal year 2004.

To complement these results, the data in Performance Measure 91400-05, which relates to the development of multifamily affordable housing through the use of grants and tax incentives, shows the Department meeting its targets for populations at 60% or below area median income. This includes a target of 10% of total units developed for the very low-income population of

30% and below area median income. For 2003, the Department tripled this target by creating 31.8% of its total units developed with grants and tax incentives for households at this very low and difficult to serve income level.

The results from both measures 91400-04 & 91400-05 are utilized in measure 91400-07 (Housing Opportunities for Individual with Special Needs) to determine the percentage of housing units developed that provide rental opportunities for the elderly and individuals with special needs (i.e. developmentally disabled, mentally ill, homeless, ex-offenders). The target for this measurement is 50%. During fiscal year 2003, the percentage of units developed for this population was 37.8%. The Department's Elderly and Disabled Loan Program has historically been a big contributor in creating housing units for the elderly and disabled. Unfortunately, it is much more difficult and risky to do these types of loans with the uncertainty of Medicaid reimbursement. The percentage of disabled housing was down nearly 8% in 2003 and the average elderly housing for the last year is approximately 9.5% below averages from the previous 4 years. For the upcoming year, an analysis will be performed to determine if more resources can be directed to those with special needs. Unfortunately, with decreases in financial support, the Department may be forced to revisit its target during the 2005 Legislative Session.

OHCS was pleased with its homeownership measures (91400-01 & 91400-02). These measurements showed that the Department was continuing to hit its target for the 80% and 90% below area median income population. In addition, the Department continued to show progress in its target to have 20% of its annual loan production with households that had completed the ABC's of Homebuying. By completing this program, the low- and moderately low-income Oregonians are better prepared for the responsibilities of owning a home.

The Department is excited about Performance Measurement 91400-06 that measures the percentage of energy savings generated from the Department's Energy Conservation Helping Oregonian (ECHO) weatherization program. This is the first year of data collection for this program and OHCS has established an aggressive target of creating \$1.00 (or 100%) of net present value savings for every \$1.00 investment. The program achieved 83% in its first year of comprehensive data collection, which translates into \$1,994,043 of net present cost savings (or 4,078,022 kilowatts). OHCS is pleased about these results and feels confident that the savings will grow. The department is providing a significant amount of training and technical assistance to local service providers and with the introduction of new applications, there is a good chance that the savings per unit will increase in 2004.

In fiscal year 2004, the economy will continue to provide challenges in developing affordable single family and multifamily housing opportunities. However, it will be absolutely crucial for the Department to overcome these challenges and continue its efforts in creating affordable housing not only to serve those most in need during this period of economic recovery, but also to aid in stimulating local economies through job creation, revenue production (income & property tax), and community revitalization. OHCS is working on new financial innovations that will allow the Department to increase its ability for both single family and multifamily opportunities. These innovations are already underway and the Department has set out high expectations for 2004 and beyond. These efforts, along with continuing to build on the successes of its homeless and weatherization programs, will allow the Department to better meet the needs of low-income Oregonians and effectively stimulate local economies.

*ANNUAL PERFORMANCE PROGRESS REPORT*  
*PART I, MANAGING FOR RESULTS*

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|--|------------------------------|
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| <b>The following questions shed light on how well performance measures and performance data are leveraged within your agency for process improvement and results-based management.</b> |   |
|--|---|
| How were staff and stakeholders involved in the development of the agency's performance measures?  | The Department organized a committee of OHCS staff entitled the Information Architecture Committee. This group consisted of key management staff from each of the Department's division. Together, the committee identified key programs and utilized the instructions provided by the Oregon Progress Board to develop performance measures that not only provided good information on programs successes or failures, but also provided a management tool to more effectively make decisions about program changes, additions, or eliminations. |
| How are performance measures used for management of the agency?  | With the measurements that have been established, the Department is able to make decisions about specific program focus. If necessary, management can make adjustments to how resources are utilized to impact those areas most in need. The Department includes its measurements related to housing development in applications for the Consolidated Funding Cycle. This communicates the Department's expectations to potential developers  |
| What training has staff had in the use performance measurement?  | The Department has put specific managers in charge of each of the OHCS Performance Measures. Managers provide information and education to staff on the results of the performance measures.  |
| How does the agency communicate performance results and for what purpose?  | Currently, the Department provides a PDF document to staff that provides information about the measurement along with specific results. Effective February 6th, 2004, this information will be available at <a href="http://www.hcs.state.or.us">http://www.hcs.state.or.us</a> .   |

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|---|--|
| <p>What important changes have occurred in the past year?</p> | <p>The Department has continued to improve its data collection efforts and as a result are able to provide timely information for performance measures. In addition, the Department is beginning to look at enhancements for current measurements and well as additional measurements for future presentation.</p> |
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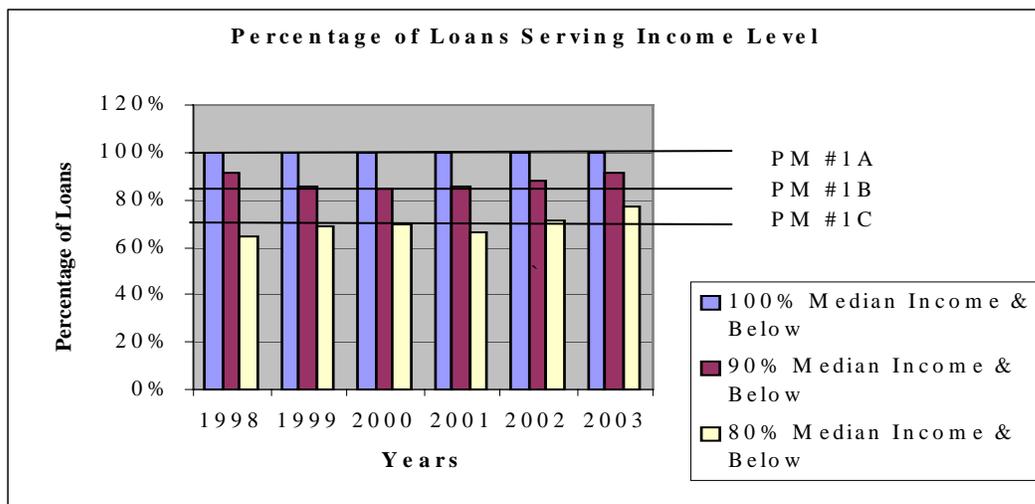
# ANNUAL PERFORMANCE PROGRESS REPORT

## PART II, KEY MEASURE ANALYSIS OF PROGRESS

### Affordable Homeownership Opportunities

91400-01 - The percentage of residential loans closed that provide homeownership to individuals at A) 100% applicable median income and below; B) 90% applicable median income and below; C) 80% applicable median income and below.

| PM # | Data by State Fiscal Year |       |       |       |       |       | Target by State Fiscal Year |      |      |      |      |      |
|------|---------------------------|-------|-------|-------|-------|-------|-----------------------------|------|------|------|------|------|
|      | 1998                      | 1999  | 2000  | 2001  | 2002  | 2003  | 2000                        | 2001 | 2002 | 2003 | 2004 | 2005 |
| 1-A  | 100%                      | 100%  | 100%  | 100%  | 100%  | 100%  | N/A                         | N/A  | 100% | 100% | 100% | 100% |
| 1-B  | 91.3%                     | 85.5% | 85.0% | 85.2% | 88.1% | 91.1% | N/A                         | N/A  | 85%  | 85%  | 85%  | 85%  |
| 1-C  | 64.8%                     | 68.5% | 69.6% | 66.5% | 71.5% | 77.0% | N/A                         | N/A  | 70%  | 70%  | 70%  | 70%  |



**To what goal or goals is this performance measure linked?** Increase homeownership opportunities for low-income Oregonians.

**What does the performance measure demonstrate about the goal?** The performance measure demonstrates how well the Department is serving various levels of low-income Oregonians. As a result, the Department provides homeownerships opportunities for each level.

**What does the data reveal?** The data reveals that the Department has done an excellent job in meeting its target levels for the last two years. The Department has been very aggressive in providing opportunities for individuals at 80% and below area median income. During the last fiscal year, OHCS was able to provide 77% of its loans for individuals in this particular category.

**What is an example of a department activity related to the measure?** The underwriting of loans within the Single Family Finance Section of the Housing Division. The outreach to minority and often under served populations through partnerships with housing centers and local governments.

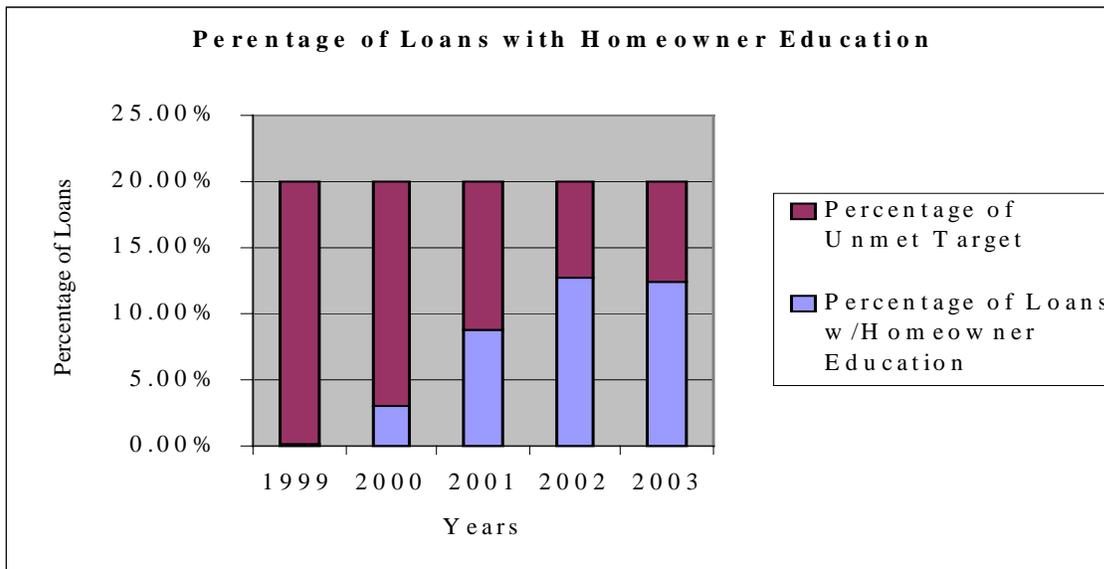
**What needs to be done as a result of your analysis?** The Department is very pleased with the results of this performance measure. While loan activity has been slow due to interest rate compression, the Department has been able to meet its target of providing affordable housing to those most in need. At this point, the Department's plan is to maintain existing programs, and to continue to assessing new opportunities for program improvement.

**What is the data source?** OHCS Loan Information Process System

## Affordable Homeownership Outreach & Education

91400-02 - The percentage of approved mortgage loans through OHCS that are for recipients who have completed the *ABC's of Homebuying* within the previous two years.

| PM # | Data by State Fiscal Year |      |       |       |        |        | Target by State Fiscal Year |      |      |      |      |      |
|------|---------------------------|------|-------|-------|--------|--------|-----------------------------|------|------|------|------|------|
|      | 1998                      | 1999 | 2000  | 2001  | 2002   | 2003   | 2000                        | 2001 | 2002 | 2003 | 2004 | 2005 |
| 2    | N/A                       | .13% | 3.10% | 8.75% | 12.78% | 12.43% | N/A                         | N/A  | 20%  | 20%  | 20%  | 20%  |



**To what goal or goals is this performance measure linked?** Increase homeownership opportunities for low-income Oregonians.

**What does the performance measure demonstrate about the goal?** The performance measure demonstrates how well the Department's *ABC's of Homebuying* outreach program is working to better prepare low-income Oregonians for homeownership. By completing this course, a potential homebuyer will be better prepared for the responsibilities of homeownership and will have a better chance of being successful.

**What does the data reveal?** The data reveals that the Department has yet to reach its goal of purchasing 20% of its annual loans for individuals that have completed the *ABC's of Homebuying*. The Department has put more emphasis on this program over the last several years by encouraging more outreach from its partners on the benefits of the *ABC's of Homebuying*. As a result, the numbers have increased. The measurement tracks individuals who have taken the course within the past two years. With enrollment numbers rising, the Department anticipates being able to meet this target within the next several years.

**What is an example of a department activity related to the measure?** The collaboration with agency partners to establish the curriculum of the *ABC's of Homebuying*. With this effort, the program is made possible and can be delivered to the low-income population.

**What needs to be done as a result of your analysis?** The Department needs to continue its outreach effort to its partners and monitor the results to see if more individuals who have completed the course are getting loans from the agency. Creating more accessibility to the *ABC's of Homebuying* to the hispanic community.

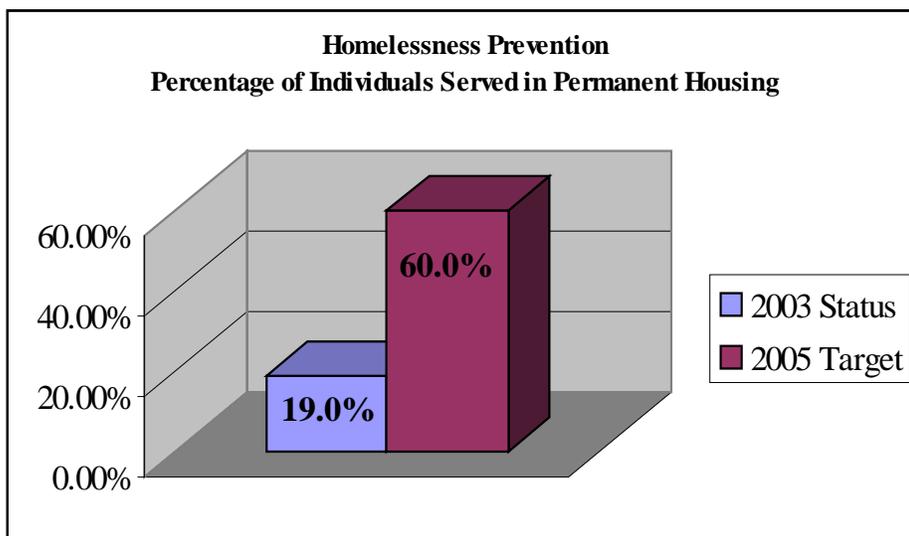
**What is the data source?** OHCS Loan Information Process System

## Homelessness Prevention

91400-03 - The percentage of individuals served with transitional housing assistance who gain permanent housing within a two year period from date of first assistance.

| PM # | Data by State Fiscal Year |      |      |      |      |       | Target by State Fiscal Year |      |      |      |      |      |
|------|---------------------------|------|------|------|------|-------|-----------------------------|------|------|------|------|------|
|      | 1998                      | 1999 | 2000 | 2001 | 2002 | 2003  | 2000                        | 2001 | 2002 | 2003 | 2004 | 2005 |
| 3    | N/A                       | N/A  | N/A  | N/A  | N/A  | * 19% | N/A                         | N/A  | N/A  | N/A  | N/A  | 60%  |

\* Represents the percentage of individuals provided with transitional housing assistance in the 1<sup>st</sup> year that have been transitioned to permanent housing. The full measure and data will not be available for a two-year period until 2005.



**To what goal or goals is this performance measure linked?** Reduce housing insecurity and homelessness in Oregon

**What does the performance measure demonstrate about the goal?** This measurement demonstrates how the Department is working to ensure that people who are in transitional housing are being moved to a permanent form of housing and put at less risk of becoming homeless again.

**What does the data reveal?** At this point in time, the Department has only collected one year of data on individuals in transitional housing. During fiscal year 2003, 1925 individuals were provided with transitional housing. Depending on when they started, the Department must track them for a two-year period to determine if the goal has been met. Therefore, the first complete set of data on the performance measure will not be ready until fiscal year 2005. In the meantime, the Department will track the current status. At this point in time, of the 1925 served, 19% obtained permanent housing.

**What is an example of a department activity related to the measure?** Promoting linkages between Community Action Agency programs and additional state and federal programs administered by other state agencies. In addition, the Department applied and received grant funding for the purchase of software to track the movement of households through the continuum of services.

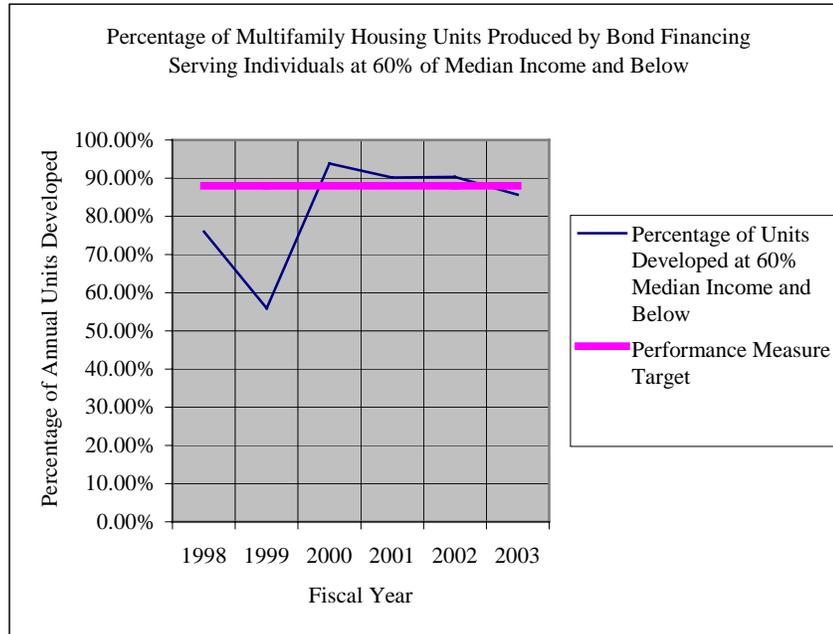
**What needs to be done as a result of your analysis?** The Department needs to continue data collection and monitor the status of individuals who are receiving transitional housing assistance.

**What is the data source?** Annual Community Services Block Grant Report & Annual Homeless Statistical Report.

## Affordable Rental Housing Opportunities: Bond Financing

91400-04 - The percentage of housing units developed through the issuance of tax-exempt bonds that provide affordable rental opportunities for individuals at 60% or below area median income.

| PM # | Data by State Fiscal Year |       |       |       |       |       | Target by State Fiscal Year |      |      |      |      |      |
|------|---------------------------|-------|-------|-------|-------|-------|-----------------------------|------|------|------|------|------|
|      | 1998                      | 1999  | 2000  | 2001  | 2002  | 2003  | 2000                        | 2001 | 2002 | 2003 | 2004 | 2005 |
| 4    | 76.0%                     | 55.9% | 93.8% | 90.2% | 90.3% | 85.7% | N/A                         | N/A  | 88%  | 88%  | 88%  | 88%  |



**To what goal or goals is this performance measure linked?** Reduce Housing Insecurity and Homelessness in Oregon

**What does the performance measure demonstrate about the goal?** The performance measure demonstrates the Department's ability, through its bond financing programs, to provide housing opportunities for those low-income Oregonians that are at a high risk of either becoming homeless or being without affordable housing.

**What does the data reveal?** The Department has been able to successfully create housing units for individuals that are at 60% or below area median within its bond financing programs. The target for the program has been to develop at least 88% of the total units produced as affordable to individuals at 60% area median income or below. As shown by the data, the Department has been very successful in these efforts for the last several years. While the FY 2003 data shows the Department at 85.7%, staff feel very good about this result since the economic trends have made it very difficult to develop this type of housing through bond financing.

**What is an example of a department activity related to the measure?** The underwriting of multifamily loans in the Housing Finance Section of the Housing Division

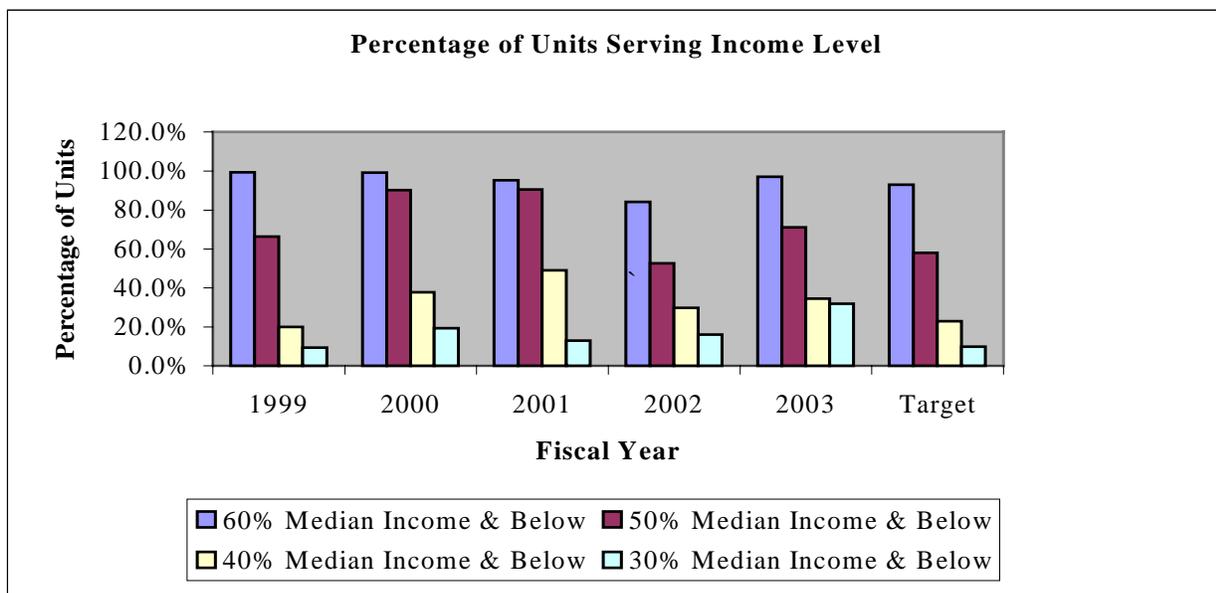
**What needs to be done as a result of your analysis?** The Department needs to create additional opportunities to develop affordable multifamily housing within its bond programs. New legislation on derivatives may provide opportunities for the Department to create financing at lower interest rates and less cost to the borrower. This would ultimately translate into more affordable housing units. This is part of the agency's 2003-05 strategic plan.

**What is the data source?** OHCS Loan Information Process System (LIPS) & OHCS Data Information System for Housing (DISH)

## Affordable Rental Housing Opportunities: Grants & Tax Incentives

91400-05 - The percentage of housing units developed through the Department's Consolidated Funding Cycle and other processes that provide affordable rental opportunities for individuals at A) 60% area median income and below B) 50% area median income and below C) 40% area median income and below D) 30% area median income and below.

| PM # | Data by State Fiscal Year |       |       |       |       |       | Target by State Fiscal Year |      |      |      |      |      |
|------|---------------------------|-------|-------|-------|-------|-------|-----------------------------|------|------|------|------|------|
|      | 1998                      | 1999  | 2000  | 2001  | 2002  | 2003  | 2000                        | 2001 | 2002 | 2003 | 2004 | 2005 |
| 5-A  | N/A                       | 99.3% | 99.1% | 95.2% | 84.2% | 97.0% | N/A                         | N/A  | 93%  | 93%  | 93%  | 93%  |
| 5-B  | N/A                       | 66.4% | 90.2% | 90.6% | 52.7% | 71.0% | N/A                         | N/A  | 58%  | 58%  | 58%  | 58%  |
| 5-C  | N/A                       | 20.0% | 37.9% | 49.1% | 29.8% | 34.6% | N/A                         | N/A  | 23%  | 23%  | 23%  | 23%  |
| 5-D  | N/A                       | 9.5%  | 19.3% | 13.0% | 16.1% | 31.8% | N/A                         | N/A  | 10%  | 10%  | 10%  | 10%  |



**To what goal or goals is this performance measure linked?** Reduce Housing Insecurity and Homelessness in Oregon

**What does the performance measure demonstrate about the goal?** The performance measure demonstrates the Department's ability, through its grant and tax incentive programs, to provide housing opportunities for those low-income Oregonians that are at a high risk of either becoming homeless or being without affordable housing.

**What does the data reveal?** The data reveals that the Department has done an excellent job in meeting its target levels for the last five years. The Department has been very aggressive in providing opportunities for individuals at 30% and below area median income, which is the most difficult to serve. During the last fiscal year, OHCS was able to create 31.8% of its total units for individuals at 30% and below area median income.

**What is an example of a department activity related to the measure?** The processing of Consolidated Funding Cycle applications and RFP's for specific target populations.

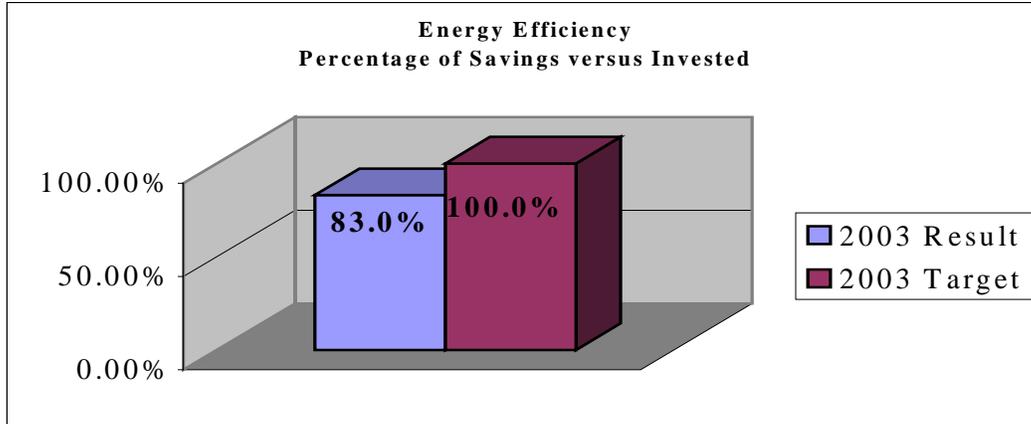
**What needs to be done as a result of your analysis?** The Department needs to continue to be aggressive in developing housing units for the very low-income population. As the Department reaches its cap on the Oregon Affordable Housing Tax Credit, it will become more difficult to serve the 50% and below population. The Department will need to continue advocating for increased tax credit cap during the 2005 Legislature.

**What is the data source?** OHCS Loan Information Process System

## Energy Efficiency

91400-06 - For all funds invested, the percentage of energy savings generated from the Department's Energy Conservation Helping Oregonian (ECHO) weatherization program.

| PM # | Data by State Fiscal Year |      |      |      |      |      | Target by State Fiscal Year |      |      |      |      |      |
|------|---------------------------|------|------|------|------|------|-----------------------------|------|------|------|------|------|
|      | 1998                      | 1999 | 2000 | 2001 | 2002 | 2003 | 2000                        | 2001 | 2002 | 2003 | 2004 | 2005 |
| 6    | N/A                       | N/A  | N/A  | N/A  | N/A  | 83%  | N/A                         | N/A  | N/A  | 100% | 100% | 100% |



**To what goal or goals is this performance measure linked?** Increase Self Sufficiency Among Low-Income Oregonians

**What does the performance measure demonstrate about the goal?** The performance measure demonstrates that individuals are getting the best value for the funds invested. The public purpose funds generated through energy restructuring are the resources used for this investment. As a result, low-income Oregonians are provided with energy efficient housing that will ultimately reduce their utility costs and provide opportunities to meet other needs (e.g. food, transportation, child care). In addition, environmental benefits are achieved by using less energy.

**What does the data reveal?** In fiscal year 2003, OHCS was able to produce 4,078,022 of kilowatt savings with \$2,400,709 of public purpose funds. By using the Economics of Energy Calculator, the 4,078,022 kilowatt savings was translated into \$1,994,043 of net present value. This is a new program to the agency and has an aggressive target of producing \$1.00 of NPV savings for every dollar invested. The data shows that for the first year, the Department fell a little short of its goal. Nonetheless, OHCS is optimistic that with increased technical assistance and training, providers will assist the department in moving closer to its target.

**What is an example of a department activity related to the measure?** Providing training and technical assistance to Community Action Agencies and other partners.

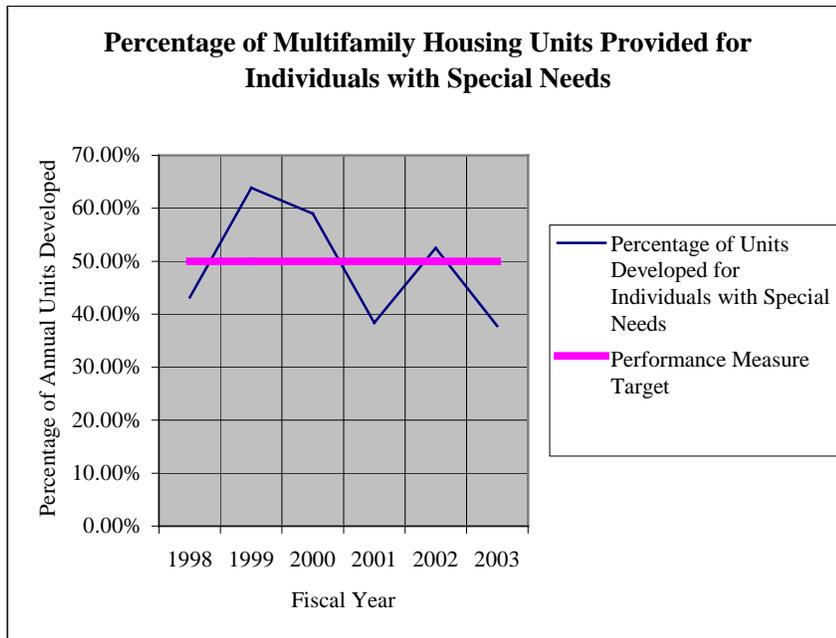
**What needs to be done as a result of your analysis?** The Department is satisfied with the performance of this program for its first year. OHCS is providing a significant amount of training and technical assistance to local service providers. With the introduction of new applications, there is a good chance that the savings per unit will increase. OHCS anticipates getting closer to its target in FY 2004.

**What is the data source?** Quarterly Community Action Agency reports and the Economics of Energy calculator.

## Housing Opportunities for Individual with Special Needs

91400-07 - The percentage of housing units developed that provide rental opportunities for the elderly and individuals with special needs.

| PM # | Data by State Fiscal Year |       |       |       |       |       | Target by State Fiscal Year |      |      |      |      |      |
|------|---------------------------|-------|-------|-------|-------|-------|-----------------------------|------|------|------|------|------|
|      | 1998                      | 1999  | 2000  | 2001  | 2002  | 2003  | 2000                        | 2001 | 2002 | 2003 | 2004 | 2005 |
| 7    | 43.2%                     | 63.9% | 59.0% | 38.4% | 52.5% | 37.8% | N/A                         | N/A  | 50%  | 50%  | 50%  | 50%  |



**To what goal or goals is this performance measure linked?** Increase Self Sufficiency Among Low-Income Oregonians

**What does the performance measure demonstrate about the goal?** The performance measure demonstrates how the Department is able to assist those individuals most challenged in gaining self-sufficiency by providing them with housing opportunities.

**What does the data reveal?** The Department has been successful in meeting the housing needs of those with special needs, which includes farmworkers, frail elderly, individuals with developmental and/or mental illness, ex-offenders, individuals with alcohol and drug addiction, and the homeless. The Department's Elderly and Disabled Loan Program has been impacted by the recent uncertainty relative to Assisted Living Facility Medicaid reimbursement rates and the moratorium on new developments. This has been a program that has historically been a big contributor in new housing units for the elderly and disabled. The percentage of disabled housing funded through OHCS was down nearly 8% in 2003 and the average elderly housing for

the last year is approximately 9.5% below averages from the previous four years. This has great contributed to the Department not meeting our target for 2003.

**What is an example of a department activity related to the measure?** The underwriting of elderly and disabled loans in the Housing Finance Section of the Housing Division. The processing of Consolidated Funding Cycle applications and RFP's for specific target populations outside normal funding cycles.

**What needs to be done as a result of your analysis?** The Department will need to reevaluate methods in which it can serve the elderly and disabled population. For the upcoming year, an analysis will be performed to determine if more resources can be directed to those with special needs. Unfortunately, with decreases in financial support, the Department may be forced to revisit its target during the 2005 Legislative Session.

**What is the data source?** OHCS Loan Information Process System (LIPS) & OHCS Data Information System for Housing (DISH)

## Volunteerism: Increased Civic Engagement

91400-08 - The percentage of Oregonians, age 21 and older, volunteering in national service programs operating in the state of Oregon.

| PM # | Data by State Fiscal Year |      |      |      |      |      | Target by State Fiscal Year |      |      |      |      |      |
|------|---------------------------|------|------|------|------|------|-----------------------------|------|------|------|------|------|
|      | 1998                      | 1999 | 2000 | 2001 | 2002 | 2003 | 2000                        | 2001 | 2002 | 2003 | 2004 | 2005 |
| 8    | N/A                       | N/A  | N/A  | N/A  | 52%  | TBD  | N/A                         | N/A  | N/A  | 55%  | 55%  | 55%  |

**To what goal or goals is this performance measure linked?** Increase Community Involvement and Build Capacity for Community Programs and Services.

**What does the performance measure demonstrate about the goal?** The performance measure demonstrates that individuals are volunteering through national programs in Oregon, and as a result, are engaged in community involvement.

**What does the data reveal?** STILL EVALUATING

**What is an example of a department activity related to the measure?** Technical Assistance provided for AmeriCorp programs through the Commission for Voluntary Action & Services.

**What needs to be done as a result of your analysis?** STILL EVALUATING

**What is the data source?** Information provided by federal government related to National Programs volunteerism activity.