

Productivity Guidelines for CDBG Rehabilitation Programs

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U.S. Department of Housing and Urban Development

COMMUNITY PLANNING AND DEVELOPMENT

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CPD Regional Directors
CPD Division Directors Cross References:
CDBG Entitlement Grantees

SUBJECT: Productivity Guidelines for Community Development Block Grant Rehabilitation Programs

I. Purpose and Background

The purpose of this notice is to provide guidance and review standards for assessing productivity levels in Community Development Block Grant (CDBG) funded rehabilitation programs. It is HUD's expectation that continued assessment and guidance will assist CDBG grantees in providing more efficient and timely service to improve the housing situation of low income persons within their communities. This notice differs substantially from previous notices (CPD-89-04 and CPD-90-12) in that, for the first time, HUD will now review both single and multifamily production, and in monitoring rehabilitation program performance make use of a variety of measures correlated with project completions. The information and guidance provided in this notice is, also for the first time, derived not from partial surveys of a sample of CDBG grantees but based on the data provided by 777 grantees in their Grantee Performance Report on Rehabilitation Activities (HUD form 4949.2A). The 777 reporting grantees constitute 91 percent of all CDBG grantees, providing HUD and grantees with a nearly complete cross section of grantee performance and other characteristics of the CDBG-funded rehabilitation program.

Grantee-operated CDBG rehabilitation programs are an extremely important component of local community and HUD national affordable housing goals. Of the 777 reporting communities, 716 (61 did not operate rehabilitation programs) committed \$614 million in CDBG funds during FY 1989 to the rehabilitation of 51,407 single family and 35,081 multifamily units, and spent \$604 million to complete 56,887 single family and 27,735 multifamily units. Total obligations (commitments) including CDBG and other public and private funds, were over \$1.5 billion, and expenditures from all sources over \$1.3 billion. Thus, for every Federal CDBG dollar obligated and/or expended by grantees for rehabilitation purposes, leveraging provided in excess of an additional \$1.23. In the multifamily category, over three times as much funding was derived from the private sector as from CDBG. Both from numbers of completed units

and funds derived from leveraging, the importance of grantee-operated CDBG rehabilitation programs to achieving national and local affordable housing goals is immediately apparent.

Proper operation of rehabilitation programs depends on many different activities. The processing flow, from marketing to intake, applicant qualifications and property inspection, commitment, contracting, on-site work inspections, completion certification and contractor payment, has significant community impact. Since such a major portion of CDBG funds are invested in rehabilitation activities, HUD places very high priority on how efficient and effective grantee performance is in completing the multiple steps in the rehabilitation process.

Data submitted for the first time this year will be used in this and succeeding years to assess grantee performance with respect to productivity as a part of their overall CDBG rehabilitation program. In addition to its own CDBG monitoring needs, HUD has been asked by the Congress to take cognizance of and, where necessary, improve grantee rehabilitation program productivity. Congressional requests are an important basis for both the introduction of GPR form 4949.2A and these revised productivity guidelines based on data derived from grantees' first year GPR submissions.

II. Assessing Productivity: General Monitoring Suggestions

Monitoring requires the constant application of common sense and good judgement to "guidelines", "rules" and "policies". That is particularly so in the case of rehabilitation productivity. In their role as monitors, Field staff must first, if they have not already done so, acquaint themselves with the particulars of the grantee's rehabilitation program. Is it single or multifamily, or both? How does the grantee manage the program, from marketing through the spectrum of program administration to close-out? How does the grantee's program fit into community needs, and provision of services? These are questions that must be answered before conclusions can be reached relative to productivity. Most of this information will not be found in formal files, and must be secured through discussion with grantee staff. Although HUD's quantitative measure of productivity is based on project completion, a multitude of factors must in all fairness be taken into consideration before final judgement can be made concerning whether or not the grantee is effectively administering the rehabilitation program. Some of these generally applicable considerations expressed in numerical form, and their implications for grantee and monitor, follow. This guidance includes:

- Information on how to obtain and assess grantee productivity data based on GPR form 4949.2A.
- Suggestions on how to go about the business of productivity monitoring, including monitoring guidelines.
- An analysis of grantee productivity characteristics, displayed in five groups based on the level of grantee CDBG rehabilitation program expenditures.
- A National Productivity Guide in tabular form, setting HUD norms (standards) for grantee productivity, accompanied by a Regional-Field Office Productivity Worksheet designed to make comparisons of local performance against national norms possible.

- A Grantee Monitoring Worksheet, accompanied by a completed sample based on 1991 GPR form 4949.2A data (hereafter referred to simply as "2A").

What if the Grantee Does Not Use CDBG Funds to Pay Administrative Expenses? Grantees reporting no CDBG dollar use for either Staffing and/or Other Direct Costs of rehabilitation program administration are not subject to productivity guidance related to CDBG funding assistance for program staffing, since all administrative costs are offset by local funds. HUD is concerned with the productivity of all grantees in terms of service to low and moderate income persons. Field Office staff monitors all grantees, including those not using CDBG funds to offset administrative costs, in terms of how well they manage their rehabilitation programs to serve their clientele community. Full Time Employee Staff Year (FTE SY) productivity is an important monitoring consideration. All grantees, irrespective of whether or not they use only local funds for program administration, must submit a form 4949.2A to assist HUD in monitoring and data collection.

III. Productivity: The "Numbers Game" versus Reality

Although the number of completions is a major quantitative tool for assessing productivity, other issues relative to completions must be first determined. Information on how to secure required data from form 2A, when applicable, will be discussed, later in this guidance.

- Establishing National Standards. We relied on our 91 percent sample of grantee agencies to establish generally applicable national productivity standards. These standards, displayed in a table exhibited later, are arranged by groups based on each grantee's total CDBG program expenditures. This section is intended to furnish you with basic information on how to use and apply the data found in each grantee's 2A, and in the National Productivity Guide. An explanation of how the groups were arrived at and how information in the guide was arrayed is provided in section VIII. Following the explanation, we will analyze characteristics of each group of grantees. Monitoring suggestions that relate grantee characteristics to program administration issues are also presented.
- The "Rule of Reasonableness" cited throughout this guidance means that grantees should not necessarily have to conform to the average performance of all grantees nationally. HUD requires that grantees administer their programs efficiently and effectively, interpreted within the context of a range constituting "reasonableness." The monitor is charged with making a judgement as to whether local needs and/or circumstances justify exceptions. Also, grantees may justifiably expect to be judged against the performance of their peers. That is to say, small programs should not be judged against the performance of large programs in major metropolitan centers, but rather against grantees of similar size and -- when possible -- those in similar circumstances. It is also reasonable, under some circumstances, to expect some grantees to exceed HUD's standards.

IV. Using Numerical Measures of Productivity

In preparation for monitoring, Field staff may find it helpful to assemble a simple, locally-based table comparing how grantees are performing. In preparing the local table, separate grantees by CDBG program expenditure size similar to the groups presented in the National Productivity Guide in a later section, creating a Field Office table based on data averages drawn from each of the categories noted

below. This table will provide a quick-reference source that should prove extremely helpful in comparing performance among grantees, and with HUD's national guidance. Except in very small Field offices, the Office should have a significantly broad grantee cross-section to permit a meaningful in-State or in-Region comparison of their overall productivity against national norms.

All the numerical measures cited below are important and, taken collectively, should contribute much to monitoring assessment of the grantee's productivity performance. The three most important basic measurements for these purposes, each cited in detail below, are: (1) Completions: How Long Does it Take to do the Job?; (2) How Many Completions are Accomplished per Staff Year?; and (3) What is the Percentage Ratio of Administrative Costs to Grantee Total Project Expenditures? These three norms are in the National Guide table, along with several of the others noted below. Each of the three is cited below as "BASIC GUIDANCE".

- **Accounting for Grantee Errors.** The 1989 2A included requests for some types of information that grantees had never before been asked to report. From the grantees' point-of-view, two of the most vexing items of information required were: (1) computing Full Time Equivalent Staff Years (FTE SY), and (2) reporting Staff and Other Direct Costs derived from CDBG funds. Many grantees did not know how to properly interpret FTE SY, and erroneously reported the total number of staff years for all the people working in some way with rehabilitation. A few grantees even reported the FTE SY equivalents for everyone in their part of the local government. For example, one grantee in the under \$250,000 (smallest) CDBG program expenditure size category reported a total of 147.59 FTE SY to run a program approximating \$150,000 in total size. Of course an error of this magnitude is so apparent that it will be discovered immediately by visual inspection. Another common error results from improper grantee computation of CDBG Other Activity Delivery Costs and their relationship to Expenditures for completed units or projects. This error, its implications for monitoring and how to correct it will be explored later.

Before calculating productivity, Field staff should inspect each 2A carefully. If any figure appears far out of line for the grantee's expenditure category, the grantee should be called and asked for confirmation of the number(s) involved. Very rarely will grantees charge far too many employees to the CDBG rehabilitation program. Most of the "big" numbers are simple reporting errors. Correct them before calculating the grantee's productivity numbers against national norms. The most egregious errors have been "cleaned" from the national database, and the National Productivity Guide presented at the end of this document is quite accurate.

- **Completions: Projects and Units.** Refer to the Units Completed line for single and multifamily, and on revised 1991 form 2A, refer to the Projects line for multifamily.
- **BASIC GUIDANCE: Completions: How Long Does it Take to do the Job?** A good measure of how efficiently a grantee gets the job done relates productivity to time. How long does it take to complete the process from commitment to completion -- from project approval to final close-out? To secure this very useful measure, refer to the form 2A line entitled Time: Average Weeks to Complete. This measure of efficiency provides a clue concerning the grantee's processing "stream", and may yield other clues as to whether there are problems that the grantee should be alerted to along the road from commitment to conclusion. Total elapsed time also provides a measure of potential community dissatisfaction with the service the grantee provides to its

rehabilitation clientele. In applying this measure, correlative factors such as processing cost ratio, total per unit/project expenditures, local economic and other conditions, and staffing turnover in the grantee agency and/or its subrecipients should also be carefully considered.

- **BASIC GUIDANCE: How Many Completions are Accomplished per Staff Year?** This is a much better preliminary index, useful as a measure of the grantee's administrative efficiency. Divide the number of Completions (for single and multifamily units on the 1989 form, and single units and multifamily projects on the 1991 form) by the number of Full Time Equivalent Staff Years (FTE SY) on the Staffing: Number of Staff Years line. The result is the number of Unit and/or Project completions per FTE SY equivalent, or how many completions each staff member accomplished per work year. This figure permits comparison of the grantee's completions per staff year with those of comparable grantees nationally, indicating whether or not the grantee's FTE SY performance is within reasonable minimum limits. Some grantees may also reasonably be expected to exceed the National guidance, and an "average" performance in these cases may not be acceptable.

The Department is concerned about how some grantees use staff. Even though a grantee may be within the national norm for their category, staff usage frequently may be dramatically improved. For example, poor performance may result from the informal use of rehabilitation specialists as construction supervisors. Instead of functioning as a job inspector, the specialist may be on-site almost every day, supplanting or supplementing the general contractor. Thus the specialist's time is not available for many other tasks that should be part of the job. Grantees with relatively poor FTE SY output, even if within group norms, should be urged to improve staff usage through more sensitive supervisory attention to staff time and task allocation.

- **What are the Average Total Costs per Unit or Project?** The total average cost per unit or project may be derived by dividing the totals in the Expenditures column for single or multifamily by the appropriate number of units or projects. In assessing the result, a preliminary determination must be made as to whether the grantee's projects completed are of substantial size requiring difficult and/or substantial amounts of staff time from marketing through close-out, or small projects requiring a minimal staff effort.

Because project expenditure size is small does not necessarily negate the grantee's decision that such projects are necessary in local circumstances. It does, however, require more detailed fact-finding to justify the grantee's position. Decision-making related to the FTE SY ratio must also be adjusted to take into account the complexity of grantee completions. The data now should reveal evidence concerning the complexity of the grantee's processing stream. Although there are entries in the National Productivity Guide table for each group's average single and multifamily per unit costs (multifamily project costs will appear next year, based on the 1991 2A), each grantee's per unit cost need not necessarily approximate a national average because construction and related costs vary significantly on a nationwide basis from one locality to another.

The average total unit or project cost may reveal, for example, that the grantee has achieved substantial numbers of completions by processing large numbers of small projects that take far less staff time and effort than more costly, complex processes. Examples of perfectly legitimate, but inexpensive, projects include weatherization, emergency repairs, and water and sewer

hookups. Comparing the numbers of completions and average project expenditure over a period of two or more years may also reveal patterns that indicate that the grantee has upped its completion rate by simply substituting substantial numbers of small projects for large ones. In such a situation, the grantee may not have actually improved the efficiency of its rehabilitation processing. Poor staff utilization may still be a problem. Moreover, the grantee should be pressed to demonstrate that the shift to small projects was based on strategic housing needs and not simply to "increase" its productivity. Monitoring in this area should also review the project selection policy as stated in the grantee's Comprehensive Housing Affordability Strategy (CHAS).

- **BASIC GUIDANCE:** What is the Percentage Ratio of CDBG Administrative Costs to Grantee Total Project Expenditures? (This Guidance does not apply to grantees using only local funds for rehabilitation program administrative costs. Disregard these calculations and make no entries in number 6 of the Grantee Worksheet if only local funds are used.) One of the most telling measures of efficiency, expressed in dollar costs, is the percentage ratio between total CDBG Activity Delivery Costs (e.g., administrative costs) and total Expenditures (e.g., project costs) from all sources. The average per unit or project expenditures has already been calculated, and now the grantee's ratio of CDBG Activity Delivery Costs (administrative) costs to total project expenditures should be calculated by dividing the total single or multifamily CDBG Activity Delivery Costs (a total of both the Staffing and Other Direct Costs) by the total Expenditures: Amount Expended for All Completed Projects.

The resulting ratios for single and multifamily projects should be helpful in addressing three critical questions. First, if the grantee has both single and multifamily programs, is the administrative cost ratio higher for one than the other by what appears to be an excessive amount? Second, how does the ratio correlate with such other items as Average Weeks to Complete, in each category? Third, does the overall total grantee administrative cost ratio appear to be out of line or excessive? If the grantee's per unit or per project costs are high, the ratio of administrative costs will probably be lower than if the grantee funds many small, inexpensive projects that collectively do not cost as much as a number of substantial projects. For an accurate assessment of the ratio, the standard of reasonableness must be applied to the entire range of activity⁴ any single component is usually inseparable from the whole.

The total (overall) percentage ratio should also be calculated by adding both the single and multifamily Activity Delivery Costs, and dividing this total by the total of both single and multifamily Expenditures. Compare this percentage ratio with that of other grantees nationally, apply good judgement with respect to mitigating circumstances, and staff will arrive at a reasonable measure of whether the grantee is spending a fair, or possibly excessive, dollar share for project administration.

Often grantees with both single and multifamily programs exhibit significantly different administrative delivery costs for each type of program (e.g., single and multifamily). To calculate the percentage ratio for single or multifamily, simply repeat the simple formula above for single and for multifamily, respectively, as noted earlier in this section. If there is a considerable difference between the two numbers, the grantee may be experiencing problems administering the specific type of program (single or multifamily) with the higher individual administrative cost percentage ratio. The grantee's productivity problem in this situation may originate from the way they manage either their single or multifamily program(s), or from

problems stemming from combining aspects of single and/or multifamily management in a less-than-efficient way. Administrative cost imbalance may also stem from the substantially more involved management process required by complex multifamily projects, and the resultant more complex and longer term staff commitments involved. Imbalance may also create a skewed total percentage ratio, throwing the grantee off national norms for their group. If there is evidence of a significant imbalance not attributable to normal processing differences between single and multifamily programs, the grantee should be advised to seek technical assistance (TA) to explore solutions to their problem.

V. Other Factors Which May Influence Productivity

As with most statistically derived performance measures, it is necessary to look beyond the numbers to other factors which may influence productivity. A recently depressed local economy can suddenly and adversely affect program productivity, as can restructuring of local government services due to population shifts, revenue losses and other disquieting circumstances. A grantee's apparently poor performance may be attributed to circumstances beyond its control, including changes in management and shifting local services emphasis and policies. It is essential that staff be sensitive to such factors; numerical guidelines should not be applied as hard-and-fast rules. Sound professional judgement should preside, relating the reality of time and circumstance to conclusions. Perhaps the situation calls for technical assistance and training rather than findings and sanctions. Grantees often require time to make adjustments, and to respond to the possible shock created by changing local circumstances.

Given the scarcity of resources for housing rehabilitation, it is imperative that grantees operate their programs with efficiency and that program funds not be wasted. However, it should also be stressed that productivity standards evaluate only one aspect of a grantee's program, and are not intended as the sole measure of program performance. For example, the quality, quantity and level of rehabilitation undertaken are three of many important factors to consider when reviewing overall performance.

- **Commitments and Unliquidated Obligations at End of Year** Some attrition between the number of commitments and completions is only to be expected in most programs. Clientele change their minds, and last minute "glitches" occur in even the best laid plans. However, if the gap between the number of Projects/Units Committed and the number of Projects/Units Completed is substantial, especially over a period of two or more years, the grantee may be experiencing management problems that affect project closure. Another useful indicator is a large Unliquidated Obligations at End of Year. Taken together, a commitments-completions gap and substantial unliquidated obligations should be checked. Also have a look at Time: Average Weeks to Complete, another helpful indicator. If the commitment-completion process drags on for a lengthy period that the grantee cannot adequately substantiate, processing management ought to be carefully examined. If staff believes that technical assistance will help improve grantee processing efficiency, it should be suggested and arranged.

VI. Monitoring: Assessments and Results

After completing this evaluation, combined with other aspects of the overall monitoring process, notify each grantee examined for productivity performance: (1) what their production level is in the terms considered above; (2) how their performance rates against comparable grantees at national level; and (3), what action (if any) HUD suggests the grantee should take to improve performance. Finally, if

technical assistance, training or other aids are recommended, identify resources available through HUD and/or other sources and let the grantee know how to secure them. Resources made available through HUD will be discussed in the next section.

All grantees using CDBG funds for rehabilitation must be assessed for productivity during FY 1991. Productivity figures derived this year should be compared to those derived during FY 1989 and 1990 to determine if there has been any significant change. Grantees who were notified last year that their performance must improve should be carefully reassessed to determine whether any meaningful change has taken place. If there has been little or no improvement, then the Field Office must consider whether sanctions are now warranted. If the Field Office still does not consider sanctions warranted because mitigating circumstances exist, the grantee must none the less, be notified that its performance is below acceptable level and steps need to be taken to bring productivity and/or provision of client services up to average, or better, standards.

VII. Improving Poor Productivity

Grantees performing at low levels of productivity, in the absence of mitigating circumstances, should be automatically considered candidates for improvement, whether the determination is made by HUD on the basis of a monitoring visit or 2A information and files. Regardless of HUD's ability to provide adequate technical assistance (TA) to grantees, they must demonstrate to HUD's satisfaction that they can develop the capacity to carry out CDBG-funded rehabilitation program activities in an efficient, cost-reasonable manner. Failure to achieve an adequate level of performance within one year of a HUD performance deficiencies notice could result in the disallowance of administrative costs on the grounds that such costs were not reasonable, as required by OMB Circular A-87. Field Offices considering imposing sanctions on grantees performing at unacceptable levels must consult Headquarters concerning the Field Office's recommendations for action.

While HUD will concentrate its efforts on improving those programs with the poorest performance, all grantees, particularly those with productivity performance figures below national averages for their group, should strive to improve performance. To support grantee efforts to improve, HUD has procured a national contractor to provide training and TA services at no cost to grantees. Although first priority must be given to grantees performing at the lowest levels, consideration will be given to any grantee seeking assistance. Field Offices should, as a general rule, allocate rehabilitation staff efforts and other assistance among entitlement grantees based on their relative performance as measured under these guidelines. Training and hands-on TA should be open to all grantees, depending upon availability. Note that grantees demonstrating significant below-average administrative costs per FTE unit completed are to be commended for their efficiency in keeping administrative costs low.

VIII. Characteristics of Grantees by CDBG Rehabilitation Program Expenditure Group: Information and Monitoring Suggestions

After considering many factors relevant to grantee program administration, it has been decided that the fairest way to monitor productivity is to assess production in terms of the size of the grantee's total CDBG rehabilitation program expenditures. Analysis revealed that rehabilitation program size is usually proportionate to such other factors as the total amount of the Entitlement grant, jurisdictional population and other characteristics, and program administrative design and implementation. All 777 grantees (91

percent of all entitlement grantees) who had submitted a 2A at the time the analysis was begun were divided into six groups. The first group, 61 grantees, had no CDBG rehabilitation program. The remaining 716 grantees were divided into five groups based upon the total amount of CDBG funds the grantee reported spent on completed projects. Each of the groups described below shared many common characteristics that could be related to productivity analysis. The sketch of each group below describes some of the group's characteristics that relate to productivity. When staff makes their analysis they should also apply more detailed knowledge of each grantee's individual situation, taking into account general group characteristics that may also apply to the specific grantee.

The National Productivity Guide table is drawn from data on all grantees in each of the five groups, and is reproduced at the end of this guidance. The table is the basis for the national productivity norms (standards), against which your grantees should be assessed.

- Group I. Grantee CDBG Programs Totaling Under \$250,000. This group includes by far the greatest number (297 or 41.5 percent) of grantees and spends the smallest amount of CDBG funds (6.1 percent of CDBG rehabilitation funds). Most (273) have single family programs, less than half (115) have multifamily, and about one-third (91) have both single and multifamily programs. The greater proportion of these grantees (187) have quite small programs -- under \$150,000 -- and spend only 2.5 percent of fiscal year CDBG rehabilitation funds.

The under \$250,000 grantee population tends to staff through part-time manpower, often assigning one or more people who devote only a small portion of a FTE staff year to rehabilitation tasks. Often they have little or no expertise in rehabilitation, and may be assisted by staff from other local agencies. Although this group is numerically the largest, the total amount of both CDBG administrative and rehabilitation program expenditures suggests that productivity monitoring may normally be completed through careful 2A examination rather than on-site monitoring. If the grantee strays quite far from the group's national average, or if specific problems related to Departmental Risk Analysis considerations apply, inquire further into productivity matters. Substantial monitoring effort may not be cost effective. The grantee may, in fact, be operating its program to the best of its ability, as the local situation warrants. Some small grantees may contract with consultants or subrecipient organizations who administer all or a part of the grantee's program. Whatever the size of the grantee's program, for monitoring purposes if the grantee is not attaining reasonable proximity to national group norms, the contractor/subrecipient arrangement should be carefully evaluated to determine whether it is working properly and has a bearing on the grantee's productivity.

- Group II. Between \$250,000 and \$500,000. This group Includes 200, or 27.9 percent, of all grantees but spends only 11.7 percent of all CDBG rehabilitation funds. Virtually all grantees in this group (195) operate single family programs, but only a little over half (109) have multifamily, and 104 of these run combined programs. Grantees in this group may have a partially professional staff with good grounding in rehabilitation management, and use staff from other agencies to augment their full-time employees.

Although the portion of CDBG funding spent by this group as a whole totals approximately 26 percent less than New York City alone spends, it is none the less an important increment in total CDBG rehabilitation expenditures. In monitoring this group, perform the usual 2A analysis for

each grantee, paying close attention to the principle of reasonableness. Since economy of scale tends to be possible in grantee operations of this size, especially at the high end of the scale (\$350,000 to \$500,000), and most staff tends to be professional with program assignments solely in rehabilitation, it is reasonable to hold this group more closely to national averages. Even though the FTE SY norm for the single family programs in this group is 2.1, on balance and after consideration of other factors, performance levels may not be comparable with other groups. When monitoring evidence indicates that this is so, the grantee should be strongly encouraged to improve productivity performance.

- Group III. Between \$500,000 and \$750,000. This group is relatively smaller, including only 82 grantees (11.5 percent) and spending only 8.1 percent of all CDBG rehabilitation funds. Seventy-seven have single family programs, but only 50 have multifamily and 45 combined programs. Staffing is usually predominately rehabilitation professional, with aid from other agencies, and averages 4.9 FTE SY for grantees with combined programs. The multifamily FTE SY output norm for this category is very low (10 units), and must be raised closer to the level of other national groups.

Since program size and manpower are substantial, a professional job is to be expected and productivity monitoring should go beyond 2A analysis if there appears to be an unusual variation from national norms. The FTE SY productivity norm for this group for both single and multifamily is unusually low. Because of this, grantees in this category should be encouraged to improve productivity performance even if they meet or moderately exceed the national norm.

- Group IV. Between \$750,000 and \$3,000,000. This very important group includes 111 grantees (15.5 percent) spending 24.5 percent of all CDBG rehabilitation dollars. Almost every grantee has a single family program, and 88 have single-multifamily combined programs. The number of single family units completed per FTE SY is extremely low (4) and must be raised. All are professionally staffed, usually with minimal outside augmentation, averaging 12.9 FTE SY per grantee. GPR 2A analysis should be supplemented by additional inquiries. If preliminary additional information suggests that the reasons for being "far off" the norm cannot be explained in terms of over-riding local and/or transitory conditions, and repeat a pattern going back to the start of productivity monitoring, then a more detailed monitoring effort may be warranted. This is certainly so if Departmental risk analysis factors have led to monitoring the grantee's program as a whole, or if other "reasonableness" factors do not apply,. Technical assistance, training and other assistance may be warranted if the grantee's program appears to lend itself to such aid.
- Group V. Over \$3,000,000. This group of 26, only 3.6 percent of all grantees, accounts for the expenditure of 49.6 percent of all rehabilitation funds. The group averages 43 FTE SY per grantee, almost entirely professional; all have single and 18 have combined programs. The extremely high (83) number of single family units completed per FTE SY may reflect the fact that many large urban grantees offer substantial emergency-type small job-oriented programs, particularly during the winter. Taken together, the large number of small job completions raises the group's overall single family average. If the grantee has high single family numbers, staff should check for this or similar situations. If single family completions are considerably below this norm, determine whether the grantee conducts their program with less emphasis on small job or emergency rehabilitation. Based on data supplied by the grantee, determine whether the lower

completion numbers are justifiable and reasonable for the type of program the grantee runs.

Every grantee in this group is of such significance in terms of program size and importance to the achievement of national HUD goals, that very careful productivity monitoring is warranted. Review any unexplained significant deviation from national norms and seek acceptable answers. In terms of achieving national productivity goals, Groups IV and V are by far the most critical and deserve full productivity monitoring attention every program year. When warranted, provide whatever assistance HUD can offer to any member of either group seeking managerial or other aid.

IX. HUD's National Productivity Guide

The Guide is presented in the form of a table incorporating all the basic productivity indices discussed above. Apply the norms in the table to each grantee, according to its expenditure group. Although an average rehabilitation cost per single and multifamily unit is presented for each grantee category, these figures are not intended as norms. Unit costs vary in each section of the country, reflecting local material and labor costs. Factors related to geography and climate also affect construction costs. Apply these figures within parameters of local experience and need.

- How Close Has the Grantee Come to Meeting the National Norms (Standards)? Compare the grantee's numerical rating with any corresponding norm on the National Productivity Guide. In the next section the Grantee Productivity Worksheet is described. For most of the numerical items noted above there are "N" lines on the Worksheet to enter norms adjacent to each indicator line. The "N" indicates that there is a norm entry reflecting the calculation in the Guide table. Usually, visual inspection will indicate whether or not the grantee is reasonably close to the norm. A precise deviation figure is obtained by dividing the grantee's number by the norm. The answer, taken to two decimal places, gives a percentage reflecting the performance level expressed in terms of the percentage of the norm the grantee has achieved. For instance, if the grantee completed 75 single family units and the norm is 100, divide 75 by 100. **Answer:** the grantee has achieved .75 or 75 percent of the National Productivity Guide norm for single family completions in its expenditure Group. Enter the percentage of the norm achieved in the column marked "%N" on the worksheet next to the norm line.
- How Well Are Grantees in the Region and Field Office Performing with Respect to National Norms? As a barometer of how local grantees are doing with respect to national norms, a Region-Field Office Productivity Worksheet is included in this guidance. This Worksheet is placed behind the National Guide in this notice. Staff should complete a Grantee Productivity Monitoring Worksheet for every grantee to document its performance. Through the Regional and Field Office Productivity Worksheet, comparisons of individual grantee performance may be made locally with respect to other grantees in the Field Office and Region. Staff may also determine how well local grantees "stack up" nationally using the Worksheet. The Worksheet is easy to use but requires some simple calculations.

Collect the completed Grantee Productivity Monitoring Worksheets for all the grantees monitored by the Field office. At Regional level, Grantee Worksheets should be collected from all Field Offices. If the collection is not 100 percent complete, don't be overly concerned unless level IV and V grantees are missing, or the total number of grantees served by the Field/Regional Office is

small. Make every effort to secure all Worksheets, especially those for the level IV and V's. Sort the Worksheets by grantee category and enter the number after the category total national number (No.=). Then count the single and multifamily programs, respectively, entering the totals in the appropriate S and M sub-group spaces on the Productivity Worksheet. Complete the Worksheet by calculating the data for each sub-group entry in the Productivity Worksheet table, following the instructions already cited in this guidance for that type of number. Caution: do not compute an "average of the averages". The most accurate way to determine the numbers for each sub-group is to add all the "raw data" numbers for the sub-group, and then divide by the number of grantees in the sub-group. This method in most instances is far more accurate in determining averages than adding already computed averages and then dividing them by the number of grantees in the subgroups. The Region should send Headquarters a complete set of all Region-Field Office Worksheets. Individual Grantee Monitoring Worksheets should not be sent to Headquarters, but a copy must be kept in each grantee's Field Office file together with a copy of the 2A on which the Worksheet computations are based.

X. Grantee Productivity Monitoring Worksheet, Instruction Page, Sample 2A and Completed Worksheet

A simplified Grantee Productivity Monitoring Worksheet designed to assist staff in performing all the calculations needed to accomplish the basic, numerical assessments of productivity performance is included as the last page of this notice. All the information needed to do the calculations are on the grantee's 2A form is provided on the Worksheet. Data from the completed model 1991 2A (reproduced in the recently distributed May 1991 Handbook 6510.2 Rev-1, Change 2) has been utilized to fill in a sample Worksheet as a "How to Do It" example. The model 1991 2A form from the Handbook revision is included so that the origin of each number may be derived. Note that the 1989 2A used in monitoring this year is somewhat different from the 1991 sample 2A. Multifamily projects are not included in the 1989 2A, and multifamily units must be substituted for Projects on the Grantee Worksheet. This year's National Productivity Guide table is also presented in terms of multifamily units, since grantees were not asked to furnish the number of multifamily projects committed or completed on the 1989 2A. Next year the Guide will display multifamily projects instead of units but this year, based on the 1989 2A, disregard the term "Projects" and substitute "Units" instead.

The Worksheet includes simple formulas for calculating the data for each category of productivity measurement. Calculate the number for single (designated S on the Worksheet) and multifamily (M). The national norm (standard) for the grantee's CDBG program group goes in the space designated (N). Calculate the grantee's CDBG expenditure group classification (I-V), by adding its single and multifamily CDBG expenditures. The Worksheet is placed at the end of this Guidance for convenience, so that it may be removed and additional copies made by Field Offices for monitoring use. For the three Basic Guidances, to calculate the grantee's percentage deviation (%N) from the National Guide standard, divide the grantee's number by the National Guide number. The result, expressed as a percentage, tells you what percent of the National number the grantee has achieved.

XI. Recognizing Outstanding Performance

Monitoring is occasionally an unhappy task, sometimes requiring findings, admonitions, sanctions and suggestions for improvement. Where monitoring reveals that a grantee has consistently performed in an

exemplary manner, maintaining high productivity levels and providing good community service, an opportunity is created to recognize good works. A statement citing the grantee's rehabilitation program productivity and performance should be included in the Field Office monitoring letter. Field Office Managers may also wish to send special letters of recognition to top performers. Good works deserve recognition, and often serve as a mirror to others who may choose to emulate their performance.

1991 NATIONAL PRODUCTIVITY GUIDE FOR CDBG REHABILITATION PROGRAMS

Grantee \$ Category	Prog. Type	No. of Grnts	Avg. No FTE	SY	Avg. Wks. to Cmpltd	No. Units Cmpltd/SY	% CDBG Ad\$ as % Expd
I Under \$250,000	No. = 297 SM	273115	1.21	1 2131 2025	25.7%	11.2%	
II \$250,001-\$500,000	No. = 200 SM	195109	2.11	2 2432 1631	23.8%	13.3%	
III \$500,001-\$750,000	No. = 82 SM	7750	3.61	3 2232 2010	26.2%	13.8%	
IV \$750,000-\$3 million	No. = 111 SM	10990	7.23	0 2632 411	22.0%	11.7%	
V Over \$3 million	No. = 26 SM	2122	12.01	6.3 2940 6728	22.8%	6.7%	

Average per Unit Dollar Cost,
By Program Category

Category Single Family Multifamily No. S + M

I	\$6,935	\$10,596	91
II	8,353	9,775	104
III	9,305	15,692	45
IV	10,522	10,775	88
v	12,725	53,247	18

S: Single family M: Multifamily FTE SY: Fulltime Staff Year
 Ad\$-: Total CDBG Activity Delivery Costs Expd: Total Expenditures
 Avg. Wks.to Compl.: Average Number of Weeks to Complete per Unit
 No. S + M: Number of Grantees Having Both S and M Programs
 % CDBG Ad\$ as % Expd: Percent Total CDBG Activity Delivery Costs
 Data in this sample Worksheet was derived from the 1991 form 2A, reproduced on the next page.
 (NOTE: The 1989 2A is somewhat different).

GRANTEE PRODUCTIVITY MONITORING WORKSHEET

Grantee Entitlement City, USA _____ Program Year 5/86-5/87

CDBG Rehabilitation Program Group (Circle) I II III IV [V]
 [\$ Single + \$ Multifamily CDBG Expenditures = \$ Total]

Program size \$ 4,186,952 S N %N M N %N

1. Completions: How Many Each Year?
 [Units or Projects Completed] 95 11_

2. BASIC: Completions: How Many Weeks Did it Take to Complete?
 [Time: Avg. Weeks to Complete] 24 29 83% 41 40 102.5%
 Round-off to nearest whole number.
 [%N = Grantee No. / National Guide No.]
3. Total Number of Grantee FTE SY?
 (Staffing: No. of Staff Years) 4.3 2.5
4. BASIC: How Many Completions per Grantee FTE SY?
 [Completions / No. FTE SY] 22 67 33% 35 28 +126%
 Round-off to nearest whole number.
 [%N = Grantee No. / National Guide No.]
5. Average Total \$ Costs per Unit and Project?
 [Total Expenditures* /
 No. Units or No. Projects] \$ 29,601 \$ 124,980_ Note: * All expenditures, not just CDBG.
6. BASIC: Average Percentage Ratio of Total CDBG Activity
 Delivery (Administrative) Costs to Total Unit or Project
 Expenditures? (Do not enter if only local funds are used.)

[Total CDBG Act.Del.Cst.(a+b)/
 Total Expenditures*) 6% 28.8% 21% 3.1% 6.7% 46%

Calculate percentages to nearest tenth.

[%N = Grantee No. / National Guide No.]

KEY: S: Single Family M: Multifamily N: National Guide Norm

%N: Percent of Natl. Norm Grantee Achieved /: "divide by"

Date of this Worksheet 7 /15 / 91

6510.2 REV-1

Exhibit 2d

Grantee Performance Report U.S. Department of Housing & Urban Development

Rehabilitation Activities Office of Community Planning and Development

OMB Approval No. 2506-0077 (exp. 3/31/93)

1. Staffing: Number of staff years (FTE staff years to tenths) 4.3 2.5
2. Activity Delivery Costs From CDBG Funds
 - a. Staff costs \$ 101,601 \$ 25,403
 - b. Other direct costs (do not include in items 6, 7, or 8) \$ 67,734 \$ 16,935
3. Projects/Units Rehabilitated/Committed
 - a. Projects committed (Multifamily only)
 - b. Units committed 84 Units 88 Units

CDBG Memorandum

4. Projects/Units Rehabilitated/Completed
 - a. Projects completed (Multifamily only) 11 Projects
 - b. Units completed 95 Units 63 Units
5. Time: Average weeks to complete (Units for Single Family; Projects for Multifamily) 24 Weeks Per unit 41 Weeks Per unit
6. Obligations: Amount obligated for commitments to specific rehabilitation projects from all sources (a + b + c below) \$ 2,300,000 \$ 1,558,604
 - a. CDBG funds obligated \$ 1,300,000 \$ 522,922
 - b. Other public (Federal, State, local) funds obligated \$ 0 \$ 95,000
 - c. Private funds obligated \$ 1,000,000 \$ 940,682
7. Unliquidated Obligations at End of Year \$ 140,500 \$ 52,500
8. Expenditures: Amount expended for all completed projects from all sources (a + b + c below) \$ 2,812,164 \$ 1,374,788
 - a. CDBG funds expended \$ 1,128,898 \$ 470,422
 - b. Other public (Federal, State, local) funds expended \$ 0 \$ 75,000
 - c. Private funds expended \$ 1,683,266 \$ 829,366
9. Check box only if grantee has no CDBG rehabilitation activities none [] none []

*

Region _____ Field Office _____ Date _____

REGION-FIELD OFFICE WORKSHEET 1991 NATIONAL PRODUCTIVITY GUIDE FOR CDBG REHABILITATION PROGRAMS

Grantee \$Category Prog.Type No.ofGrnts Avg.NoFTE SY Avg.Wks.tocomplt No.UnitsCmptd/SY %CDBG
Ad\$as % Expd
R-F N R-F N R-F N R-F N R-F N

I S ___ 273 ___ 1.2 ___ 21 ___ 20 ___ 25.7%

Under

\$250,000 M ___ 115 ___ 1.1 ___ 31 ___ 25 ___ 11.2%
No.= 297

II S ___ 195 ___ 2.1 ___ 24 ___ 16 ___ 23.8\$

\$250,001-
\$500,000 M ___ 109 ___ 1.2 ___ 32 ___ 31 ___ 13.3%
No.=200

III S ___ 77 ___ 3.6 ___ 22 ___ 20 ___ 26.2%

\$500,001-
\$750,000 M ___ 50 ___ 1.3 ___ 32 ___ 10 ___ 13.8%
No.= 82

IV S ___ 109 ___ 7.2 ___ 26 ___ 4 ___ 22.0%

\$750,001-

CDBG Memorandum

\$3 million M ___ 50 ___ 3.0 ___ 32 ___ 11 ___ 11.7%
 No.= 111

V S ___ 21 ___ 12.0 ___ 29 ___ 67 ___ 22.8%
 Over
 \$3 million M ___ 22 ___ 16.3 ___ 40 ___ 28 ___ 6.7%
 No.= 26

Average per Unit Dollar Cost, by Program Category

Category Single Family Multifamily No. S + M

I \$ ___ \$6,935 \$ ___ \$10,596 ___ 91
 II \$ ___ 8,353 \$ ___ 9,775 ___ 104
 III \$ ___ 9,305 \$ ___ 15,692 ___ 45
 IV \$ ___ 10,522 \$ ___ 10,775 ___ 88
 V \$ ___ 2,725 \$ ___ 53,247 ___ 18

R-F: Regional or Field Office Calculation N: National Guide Norm
 S: Single family M: Multifamily FTE SY: Fulltime Staff Year
 Ad\$: Total CDBG Activity Delivery Costs Expd: Total Expenditures
 Avg. Wks.to Compl.: Average Number of Weeks to Complete per Unit
 No. S + M: Number of Grantees Having Both S and M Programs
 % CDBG Ad\$ as % Expd: Percent Total CDBG Activity Delivery Costs
 GRANTEE PRODUCTIVITY MONITORING WORKSHEET

Grantee _____ Program Year _____
 CDBG Rehabilitation Program Group (Circle) I II III IV V
 [\$ Single + \$ Multifamily CDBG Expenditures = \$ Total]

Program size \$ _____ S N %N M N %N

1. Completions: How Many Each Year?
 [Units or Projects Completed] ___ ___
2. BASIC: Completions: How Many Weeks Did it Take to Complete?
 [Time: Avg. Weeks to Complete] ___ ___ % ___ ___ %
 Round-off to nearest whole number.
 [%N = Grantee No. / National Guide No.]
3. Total Number of Grantee FTE SY?
 (Staffing: No. of Staff Years) ___ ___
4. BASIC: How Many Completions per Grantee FTE SY?
 [Completions / No. FTE SY] ___ ___ % ___ ___ %
 Round-off to nearest whole number.
 [%N = Grantee No. / National Guide No.]

5. Average Total \$ Costs per Unit and Project?

[Total Expenditures* /
No. Units or No. Projects] \$ _____ \$ _____ Note: * All expenditures, not just CDBG.

6. BASIC: Average Percentage Ratio of Total CDBG Activity
Delivery (Administrative) Costs to Total Unit or Project
Expenditures? (Do not enter if only local funds are used.)

[Total CDBG Act. Del. Cst. (a+b) /
Total Expenditures*] ___% ___% ___% ___% ___% ___%
Calculate percentages to nearest tenth.
[%N = Grantee No. / National Guide No.]

KEY: S: Single Family M: Multifamily N: National Guide Norm
%N: Percent of Natl. Norm Grantee Achieved /: "divide by"
Date of this Worksheet ___/___/___