



Memorandum

TO: COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

FROM: Rosalynn Hughey

SUBJECT: SEE BELOW

DATE: January 11, 2024

Approved		Date	1/10/24
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SUBJECT: HOUSING DEPARTMENT PERFORMANCE MEASURES AUDIT RECOMMENDATION #1 STATUS REPORT

RECOMMENDATION

Accept the report on draft performance metrics for the Housing Department to implement recommendation #1 from the City Auditor’s Report 23-04, consistent with City Council direction provided on October 17, 2023.

SUMMARY AND OUTCOME

The Housing Department and City Manager’s Office will receive Community and Economic Development (CED) Committee feedback on draft community indicators, performance measures, and activity and workload highlights that are administratively published annually in the Operating Budget. The CED Committee will understand the progress made by the Housing Department and City Manager’s Office to implement recommendation #1 of the City Auditor’s Report 23-04, Housing Performance Measures: The City Should Focus and Align Measures to Support Decision-Making, consistent with the City Council direction provided on October 17, 2023¹.

As stated in City Council Policy 1-18, the City uses a performance-based budget. All performance at the core service level must be consistent with the mission statements at the department level and the outcomes of the City Service Area (CSA) at the City level, meeting the performance as well as budget goals and policies established by the Mayor and City Council. The CSA performance modernization initiative allows the Administration to report more

¹ City Council Item 3.5, October 17, 2023.
<https://sanjose.legistar.com/LegislationDetail.aspx?ID=6370289&GUID=FC92694F-F752-48C2-A849-2AA99A31EAD1&Options=&Search=>

meaningful measures and performance targets and forecasts in the budget in order to demonstrate accountability, guide service and program improvement, share progress, solicit ideas, influence change, and inform stakeholders.

BACKGROUND

City departments, including the Housing Department, publish performance measures in the City's Annual Operating Budget and other reports. For example, the Housing Department reports performance measures in its Annual Impact Report and in reports to the federal government, the California Department of Housing and Community Development, and the Governor's Office of Planning and Research. Performance measures are also provided in status reports to the City Council and through online dashboards. Many of these are found on the Housing Department's website.

In the context of the City's Annual Operating Budget, measures provide information about the level of resources dedicated to a core service or program (inputs), the amount of work output performed (activity and workload highlights), levels of efficiency or effectiveness (performance measures), or population-level impact and wellbeing (community indicators²).

On October 17, 2023, the City Council accepted the audit report on the Housing Department's performance measures audit (City Auditor's Report 23-04). The Housing Department agreed with the three recommendations identified in the report and is actively working to implement these recommendations as part of the CSA performance modernization initiative. The initiative is a collaboration between the Community and Economic Development CSA, the Housing Department, City Manager's Office of Administration, Policy, and Intergovernmental Relations, City Manager's Budget Office, Office of Racial Equity, and the Information Technology Department. Measures from the Housing Department that fall within the Neighborhood Services CSA, specifically Homelessness Interventions and Solutions, are not included in this memorandum but will be published in spring 2024 as part of the Proposed Operating Budget for Fiscal Year 2024-2025.

ANALYSIS

The audit report identified three recommendations.

² In the 2023-2024 Annual Operating Budget, community indicators were published for the Neighborhood Services CSA only.

Recommendation #1: In conjunction with the Administration’s initiative to revise performance measures in the Operating Budget, and implement the City Focus Areas, the City Manager’s Office and Housing Department should, using logic models or some other means:

- a. Revise the Housing Department’s performance measures in the City’s Operating Budget to reflect better indicators of performance for the Department.
- b. Reduce and align the number of performance measures across the City’s Operating Budget and other housing-related performance reports or dashboards (to the extent allowable based on funding sources).

Target Date for Completion: Spring 2024 as part of City Manager’s Proposed Operating Budget for Fiscal Year 2024-2025.

Recommendation #2: To ensure consistency and reliability of performance measures, the Housing Department should document the methodology for measures in the Annual Operating Budget and other year-over-year reports and dashboards.

Target Date for Completion: July 2024

Recommendation #3: The City Manager’s Office and the Housing Department should identify and report meaningful targets to provide context for reported results for key performance measures in its different reporting platforms.

Target Date for Completion: August 2024

The following represents the proposed measures as part of recommendation #1 (recommendations #2 and #3 were directed by the City Council to report to the CED Committee separately in the fourth quarter). The measures are proposed for the CED, the CSA, and the Housing Department core service sections of the Annual Operating Budget. Simultaneously, the Housing Department is working with the City Manager’s Office to update the measures that align with the Neighborhood Services CSA (specifically, the Homelessness Interventions and Solutions core service).

The approach for the development of the proposed measures was informed by the audit report findings and by the following guidelines:

- *Frequency.* How often is the measure collected and reported? Does the measure adopt an adequate time horizon for impact? Can the measure be collected reliably over a specific time period? Is there a lag between the time of collection and the time of reporting?
- *Equity.* Can the measure be disaggregated by race/ethnicity, geographic location, income, and other categories to measure disparities?
- *Credibility.* Is the measure used by other agencies? Is it peer-reviewed, evidence-based, or part of a standard? Can it be used to benchmark against other cities or jurisdictions across categories that matter to the policy or program? Is the methodology sufficiently accurate and precise?

- *Scope.* Is the measure representative in ways that matter to the population impacted by the policy or program? What perspective and scale does the measure capture, including human, economic, material, environmental, and social? Is the measure strengths-focused and culturally responsive?
- *Relevancy.* Does that measure clearly align to an organizational or community goal? Is it meaningful to a range of stakeholders? Is it actionable? Is it understandable to all audiences?

The draft measures are proposed for the Housing Department within the CED CSA in **Table 1 – Housing Department Draft Performance Measures for the CED CSA**. Draft measures for the Housing Department Core Services within the CED CSA are included in **Table 2 – Housing Department Draft Performance Measures by Core Service for the CED CSA**.

Staff is continuing to evaluate the performance measures and will include final recommendations in the proposed 2024-2025 budget document. The full definitions and data sources for the proposed measures can be found in **Attachment A – Housing Department Draft Measures for the CED CSA**. Note that only measures related to the Housing Department are provided for the CED CSA; other CSA performance measures are not included. A glossary of terms is provided in **Attachment B – City Service Area Glossary of Terms**.

Table 1 – Housing Department Draft Performance Measures for the CED CSA

Outcome 1: Thriving, inclusive, and attractive communities and vibrant public spaces
Community Indicators: <ul style="list-style-type: none">• Income diversity ratio.• Population diversity.
Performance Measures: <ul style="list-style-type: none">• Housing public service utilization rate.• Eviction Help Center utilization rate.
Outcome 2: Strong, responsive, and equitable economy and development services
Community Indicators: <ul style="list-style-type: none">• Income growth.• Jobs held by residents.• Residential development project cost rate.
Performance Measures: <ul style="list-style-type: none">• None.
Outcome 3: Accessible and diverse range of housing and business opportunities

Community Indicators:

- Residential displacement risk.
- Housing cost burden.
- Excessive housing cost burden.
- Total housing occupancy rate.
- Homeowner housing vacancy rate.
- Rental housing vacancy rate.
- Median monthly rent.
- Living wage income.
- Median earnings.
- Overcrowded residential housing.
- Severely overcrowded residential housing.

Performance Measures:

- Affordable and market-rate housing production rates.
- Extremely low-income household funding rate.
- Affordable housing subsidy rate.
- Housing rehabilitation completion rate.
- Rent stabilization rate.

Table 2 – Housing Department Draft Performance Measures by Core Service for the CED CSA

Core Service 1: Affordable Housing Portfolio Management

Performance Measures:

- Portfolio unit compliance rate.
- Housing portfolio occupancy.

Activity and Workload Highlights

- Single-family loan management transactions.
- Single-family rehabilitation and homebuyer loans.
- City invested and issued bonds for affordable rental units.
- Income restricted for sale homes.
- Units refinanced for affordability.

Core Service 2: Affordable Housing Production and Preservation

Performance Measures:

- Developer funding commitment rate.
- Regional Housing Needs Allocation (RHNA) Accessory Dwelling Unit (ADU) rate.
- Affordable housing unit subsidy rate.
- Affordable housing unit preservation rate.

Cont'd – Core Service 2: Affordable Housing Production and Preservation

- Affordable housing unit completion rate.

Activity and Workload Highlights

- Affordable housing units completed.
- New construction funding subsidy.
- Affordable housing funding commitments.
- Affordable housing unit preservation.
- Affordable housing unit completion.

Core Service 3: Neighborhood Capital Investment and Public Services

Performance Measures:

- Community Development Block Grant (CDBG) invoice reimbursement rate.
- CDBG project funding rate.

Activity and Workload Highlights

- Rehabilitation project completion.
- Necessity grant funding.
- HUD grant disbursement.

Core Service 4: Rent Stabilization and Tenant Protection

Performance Measures:

- Eviction diversion rate.
- Tenant/landlord petition resolution rate.
- Tenant/landlord voluntary agreement rate.
- Rent registry rate.
- Rent stabilization inquiry rates.

Activity and Workload Highlights

- Rent stabilization client interactions.
- Tenant petition submissions.
- Rent stabilization and tenant protection outreach.
- Rent stabilization and tenant protection property owner workshops.
- Eviction prevention cases.

EVALUATION AND FOLLOW-UP

The Administration will return to the CED Committee in April 2024 to report on the implementation status of recommendations #2 and #3 from the City Auditor's Report 23-04, consistent with City Council direction provided on October 17, 2023.

January 11, 2024

Subject: Housing Department Performance Measures Audit Recommendation #1 Status Report

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COORDINATION

This memorandum was coordinated with the City Attorney's Office, the City Manager's Budget Office, and the City Manager's Office.

/s/

ROSALYNN HUGHEY
Deputy City Manager and
Acting Housing Director

For questions, please contact Erik Chiarella Jensen at erik.jensen@sanjoseca.gov, Assistant to the City Manager.

ATTACHMENTS

Attachment A – Housing Department Draft Measures for the CED CSA

Attachment B – City Service Area Glossary of Terms