LIVABLE COMMUNITIES EVALUATION

PROGRAM EVALUATION AND AUDIT

METROPOLITAN
C O U N C I L

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INTRODUCTION

Background

The Livable Communities Act, passed by the Minnesota Legislature in 1995, established an incentive-based grant program administered by the Metropolitan Council. The program is composed of four primary grant programs, known as grant categories, funded from three accounts. In order to receive funds from one of the grant categories a municipality must agree to develop and work toward affordable housing goals that are negotiated with the Metropolitan Council.

The primary grant categories are:

- Tax Base Revitalization Account (TBRA), which assists in cleaning up contaminated sites to encourage development
- Local Housing Incentives Account (LHIA), which helps preserve and expand lifecycle and affordable housing in the region
- Livable Communities Demonstration Account (LCDA), which encourages development that uses land and infrastructure efficiently and connects housing, jobs and services.
- Transit Oriented Development (TOD) grants were added in 2011, and encourage high density, mixed-use development adjacent to transit stations using pedestrian friendly design standards. This is a sub-category that funds projects from the Tax Base Revitalization Account and Livable Communities Demonstration Account.

Program goals

Three documents describe the primary goals and outcomes of the Livable Communities program. The broad goals of the Livable Communities program can be found in two places; the enabling legislation (Livable Communities Act) and the policies of the Regional Development Framework. The Annual Distribution Plan gives the most detail for regarding the program design based on the two guiding policy documents.

The Livable Communities Act provides the most specific policy guidance and outcomes for the program.

At a high level, the Livable Communities Act (LCA) does the following:

1. Establishes the overall purpose and incentive structure of the program. According to the LCA, the program must meet the purposes defined in both the legislation and the metropolitan development guide (the Regional Framework.) The general policies in the LCA are:
   - helping to change long-term market incentives that adversely impact creation and preservation of living-wage jobs in the fully developed area;

- creating incentives for developing communities to include a full range of housing opportunities;
- creating incentives to preserve and rehabilitate affordable housing in the fully developed area; and
- creating incentives for all communities to implement compact and efficient development[1]"

2. Requires that priority is given to projects which include "innovative partnerships between government, private for-profit, and non-profit sectors"
3. Establishes three accounts, and details specific priorities and requirements for each account
4. Requires an "annual distribution plan" and "annual report" to the legislature

The Regional Development Framework provides important guidance to the Livable Communities program, but is less detailed about implementation priorities.

The Regional Framework is "the umbrella statement of regional policies, goals and strategies that will inform the Council's metropolitan system plans for airports, transportation, regional parks and wastewater service, as well as other policy plans adopted by the Council."[2] The current framework was adopted January 14, 2004, and is updated every ten years. The "Thrive 2040" initiative to update the framework is underway and will be completed in 2014. According to the regional framework, the Livable Communities program is one of four "tools" the Council has to implement the framework, along with the local planning process, regional investments and technical assistance.

The four high-level policies of the 2030 Regional Development Framework are:

1. Work with local communities to accommodate growth in a flexible, connected and efficient manner
2. Plan and invest in multi-modal transportation choices, based on the full range of costs and benefits, to slow the growth of congestion and serve the region's economic needs
3. Encourage expanded choices in housing location and types, and improved access to jobs and opportunities
4. Work with local and regional partners to reclaim, conserve, protect and enhance the region's vital natural resources

The Annual Distribution Plan

The creation of an Annual Distribution Plan, approved yearly by the Community Development Committee, is required by the Livable Communities Act. This document summarizes the goals of the legislation and regional framework and gives detail about how each program will be implemented. If any changes occur to the program they appear in this document. Guidance for the distribution of grants to municipalities across the region is present in the distribution plan.

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[1] MN Statute 473.25
[2] (2030 Regional Development Framework, 2004)

Purpose

The purpose of the evaluation was to review 1) the implementation and design of Livable Communities according to program goals and 2) the measurement and reporting of program outcomes. This evaluation did not assess the success of the program in meeting program goals, but focused on how program goals were measured and reported. Livable Communities was selected for review through Council-wide risk assessment process because the Program Evaluation and Audit Department has not previously reviewed the program.

Methodology

- Review of program documentation
- Review of Livable Communities Act and Regional Framework goals
- Interviews with program staff
- Development of logic models
- Stakeholder analysis

Assurances

This audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and the U. S. Government Accountability Office's *Government Auditing Standards*.

Livable Communities is composed of several distinct, but related, grant categories.

Livable Communities is a complicated program. The program was created by a single legislative act, shares several overarching goals and internal processes, so it is tempting to view it as a single program. All the programs are in a sense connected, but each program also has important differences. Considering the minor programs, such as site investigation grants, pre-development grants, and the recent inclusion of Transit Oriented Development programs, Livable Communities can be viewed as nine different grant programs, or "grant categories."

- Local Housing Incentives Account (LHIA)
- Livable Communities Demonstration Account (LCDA)
  - LCDA Pre-Development Grants
  - LCDA Development Grants
  - LCDA-TOD Pre-Development Grants
  - LCDA-TOD Development Grants
- Tax Base Revitalization Account (TBRA)
  - TBRA Site Investigation Grants
  - TBRA Cleanup Grants
  - TBRA-TOD Cleanup Grants
  - TBRA-TOD Site Investigation Grants

Funds from each account have their own requirements attached to them. TOD grants are funded from both the Livable Communities Demonstration Account and Tax Base Revitalization Account and thus must meet the statutory requirements of each account, but the program adds unique objectives that differentiate it from the regular grant categories.

The "focus" of each Livable Communities program is different, but some common elements are shared.

To help clarify similarities and differences between programs, it is helpful to situate each program as related to a problem (or opportunity) discussed in the Regional Framework. From this, each program can be seen to emphasize, or focus on, a particular problem. The other problems may not be the direct focus of a particular program but still within its scope to influence. (Table 1) Each program ends up balancing those in-focus problems with in-scope problems in unique ways.[3]

Housing outcomes are related to two separate issues discussed in the Framework; 1) the need for affordable housing, and 2) the need for a variety of housing to address changing demographic preferences and provide a mix of choices for various income levels. All programs address affordable housing in either their focus or scope, but LCDA is unique in having a variety of housing types in its

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[3] These descriptions are meant to illustrate subtle differences as they influence program administration and to help put expected program outcomes into context. They are not meant to be exhaustive of the goals of the program

focus due to statutory language. The main problem TBRA is designed to address is barriers to development that occur because of contamination, but the consequences of these barriers are the primary focus of the program. The consequences include tax forfeiture, job loss, environmental and human health risks and the unproductive use of land. A common theme between all programs is connecting jobs, housing, services and amenities, but this may be closer to the focus of LCDA and TOD programs while being part of the scope of the others.

The stage of a development project where each program intervenes and what is funded also differs between programs. Pre-development grants fund early activities needed to prepare for development. Investigation grants fund activities needed to prepare for site cleanup, while cleanup grants fund the actual removal of contamination from the project site. LHIA provides direct financing for a project where LCDA primarily funds public and place making infrastructure on or adjacent to a development. As the programs fund different stages of a project, it often occurs that a single project will receive funds from more than one grant program.

A monitoring and evaluation program should develop key performance indicators related to the main problems each program addresses. This will help explain the purpose of each program to stakeholders, monitor progress toward goals and help guide program administration.

Table 1: Problem, Focus and Scope			
Grant Category	**Problem/opportunity**	**Focus**	**Scope**
LHIA	Many low-income households pay more than they can afford for housing, and this trend is likely to continue in the future.[4]	LHIA incentivizes production of affordable housing through goal setting and grants to meet those goals.	LHIA also prioritizes housing that is connected to transit, jobs, services and amenities to increase access, and addresses some consequences of the problem by prioritizing efforts to address long-term homelessness
TBRA	Contaminated sites present barriers to redevelopment, which include: 1) cost of investigation, 2) legal liability, 3) cost of cleanup. Barriers to redevelopment have many consequences for communities and the region, which include: 1) tax forfeiture and job loss, 2)environmental and human health risks, 3)unproductive use of land and infrastructure	TBRA addresses barriers to redevelopment through investigation and cleanup grants. The consequences of contaminated sites are addressed when sites are ultimately redeveloped.	TBRA also addresses the problem of lack of affordable housing by: 1) prioritizing development that includes affordable housing, and 2) incentivizing municipal housing investment by including housing performance scores in project ranking criteria
LCDA	Development that is connected to jobs, transit and services offers opportunity to; save public money, improve access to jobs and amenities, fewer and shorter auto trips, decrease congestion and emissions.[5] There is a need for a greater variety of housing in the region as a result of demographic changes and shifting consumer preference away from single-family housing toward attached homes.[6]	LCDA incentivizes connected development and a variety of housing types through grants.	LCDA also addresses the problem of lack of affordable housing by: Incentivizing municipal housing investment by including housing performance scores in project ranking criteria
TOD (Hybrid of LCDA and TBRA)	Development in proximity to transportation corridors offers unique opportunity to increase the benefits of connected land use.[7]	TOD program incentivizes dense development near transit nodes, emphasizing design features that increase walkability and transit ridership	As proximity to transit nodes inherently offers connected development, the problems of affordable housing, brownfields and need for housing variety are all within scope.

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[4] (2030 Regional Development Framework, 2004), p16
[5] Ibid., p9
[6] Ibid., p16
[7] Ibid., p9

Each program must balance several, often competing goals. Stakeholders disagree about which policy goals and outcomes should be most important.

The Regional Framework addresses several interrelated problems concerning development in the region but does not discuss the role of Livable Communities in great detail. There is no specific guidance which describes exactly what issues in the framework are to be prioritized or how each program addresses each policy. As a result, each individual program must balance the many policy goals discussed in the regional framework. Stakeholders disagree about which problem is the most important. Staff indicates that the balancing of multiple policy goals for each individual program is complicated, and is one of the primary administrative challenges of the program.

The resources available for each Livable Communities grant category are different, which affect how much influence each category has over its specific balance of intended outcomes.

Differences between each grant category can also be seen by looking at program inputs. Inputs are the resources required for the program to operate, and in this case can be generally understood as funding, staffing, time and partnerships. While these general inputs are the same for all grant categories, there is important variation in the details.

Funding. The biggest difference in inputs is the funding amount available to be granted for each category (Table 2, below.) According to statute, 1.5 million is available to LHIA each year, which is the least amount available of the three accounts If TOD is viewed as a standalone program combining the mechanisms of two other accounts, it has the most funds available in 2013 (8 million.) Judging by funding level alone, the TOD category has more resources available to achieve its specific balance of intended outcomes. The source of funds for TOD is unique among categories, and may not be permanent.

Partnerships. Partnerships play an important role for each grant, but each account works with different partners and to varying degrees. LHIA's partnership with the Minnesota Housing Investment group has been institutionalized to the degree where a common application with common goals has been agreed upon. TBRA partners with similar grant programs, such as the Contamination Cleanup program at the Department of Employment and Economic Development, to coordinate funding cycles and shared trainings. Partnership with the Minnesota Pollution Control Agency is vital to the outcomes of the investigation grants, as they approve cleanup plans which address legal barrier to redevelopment. The TOD category is in the process of defining its relationship to regional partners as part of the "TOD Strategic Action Plan," from which a TOD policy will be adopted by the end of 2013. The purpose of the TOD policy process is for the Metropolitan Council to "define its roles in partnership with others to most effectively advance our collective goals of TOD throughout the region."[8] Even though the TOD program is funded from the LCDA and TBRA accounts, the type and extent of partnerships may differ from the other programs funded from these same accounts.

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[8] (TOD Strategic Action Plan Update: Policy Development, April 2013)

Inputs	LHIA	TBRA	LCDA	TOD
Funding source	Council general fund LCDA	Property tax levy	Property tax levy	Property tax levy Council general fund Relinquished funds from other accounts
Funding amount	1.5 million	5 million, with up to $250,000 eligible for site investigation	7.5 million	5 million from LCDA, with up to $500,000 eligible for pre-development 3 million from TBRA, with up to $250,000 eligible for site investigation

Table 2: Grant Category Funding, 2013 (Estimates from the 2013 Annual Livable Communities Funds Distribution Plan)

Program "outputs" have been the main focus of data gathering and reporting about Livable Communities programs.

There is an important difference between "outputs" and "outcomes." Outputs describe the activities of the program or what the program has produced, where outcomes describe what is different as a result of the program. For example, outputs may include the number of training sessions and the number of people who attend training sessions. Outcomes for a training session may be increased awareness of grant project criteria and improved applications. Outputs are still valuable. Tracking and reporting outputs help show that the program is being implemented as intended which is a necessary first step to demonstrating outcomes occur as intended.

Review of program documents and interviews with staff indicate that grant-related outputs have been the focus of data gathering and reporting about Livable Communities programs. These include:

- number of grant applications received and number of grants given
- amount of funds granted
- descriptions of funded projects
- expected outcomes of funded projects, especially housing, jobs and tax base increase

"Expected outcomes" may be best thought of as a program *output,* since they summarize the results of project ranking activities. Expected outcomes are thus a good indicator that the program is funding projects according to program goals and sets a benchmark to compare actual outcomes. Staff may also find it useful track other outputs for training sessions to help answer questions related to the effectiveness of trainings and can help describe what a successfully implemented program looks like.

Activities for collecting program outcomes have not been well-defined for each grant category, but staff has recently increased their efforts to demonstrate program outcomes in a systematic way.

Specific activities for collecting, analyzing and reporting actual outcomes have not been well defined for all programs, but program staff has recently increased efforts to demonstrate outcomes. The recent addition of a new staff member has increased the capacity of the program to collect outcomes data. The increased emphasis on tracking outcomes has produced more detailed tools in the application, such as a land use table to better compare pre-development land use to post-development land use.

TBRA was found to be the primary program to develop methods to collect data on outcomes. TBRA collects data on short-term outcomes, such as the number of acres cleaned, and requires reports for four years after the grant closes to collect data on medium-term outcomes, such as living wage jobs, housing created and tax base increase. The process of collecting this data has reportedly been burdensome to administer, given staff availability and the large number of active projects. Data collection also relies heavily on self-reports by grantees.

One-time outcome reporting activities have occurred for other accounts as well. The proximity between developments, jobs and transit was shown for LCDA. Profiles of several projects from all three accounts were also developed.

Outcomes for the minor programs, such as site investigation and pre-development grants, are important to the overall success of Livable Communities but have been absent from an outcome measurement perspective. Outcomes for these programs may be different than those of the larger programs. For example, the goal of a pre-development grant may be projects that meet Council goals continue to the next stage in the development process. If this is the case, success for this grant would be the movement from one development stage to the next, where success for a larger program would be actual development and related outcomes.

Several short and medium-term outcomes are shared across grant categories and have potential to be standardized for data collection and reporting.

Livable Communities produces many outcomes that could regularly collected, analyzed and reported, but it may not be necessary or feasible to collect information on every outcome. Reporting outcomes should have a purpose and may use valuable staff time if the results aren't used in a meaningful way. The problem becomes how to best prioritize outcome monitoring to meet accountability requirements the information needs of staff and program stakeholders.

In addition to grant-related outputs, which are already regularly reported, the following outcomes were identified as having potential to be prioritized as staff develops a more systematic monitoring and evaluation. Many of the outcomes are shared by each main grant category, which makes it possible for success criteria to be standardized for reporting across each category. These outcomes also represent the various policy issues Livable Communities must balance, addresses stakeholder priorities and will help demonstrate compliance with statute and framework policies.

Grant distribution. Each category has guidelines for grant distribution in the Annual Distribution Plan. Distribution is also a concern of many stakeholders. Reporting compliance and factors influencing grant distribution is recommended as a result.

Partnerships. The statute places an emphasis on innovative partnerships and the Regional Framework emphasizes "working with" partners collaboratively toward regional goals.[9] Conversations with staff also reveal the importance of working collaboratively with grantees. Partnerships in many forms are thus important to program administration and the achievement of outcomes and may be considered for outcome monitoring.

Table 3: Shared short and medium-term program outcomes		
1	Grant distribution	
2	Partnerships	
3	Compact, efficient development	
4	Connected development	
5	Economic development	Jobs
6		Tax base
7		Leverage private investment
8	Housing	Affordable
9		Variety
10	Protect, conserve natural resources	

Compact, efficient development and connected development. Both of these outcomes are prominent in the legislation and Regional Framework and represent one of the major policy goals that the program balances.[10] These goals are present in the criteria by which grant applications for all programs are evaluated, but have not been emphasized in data collection and reporting.

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[9] MN Statute 473.25(c); RF 2030 p9, 18
[10] MN Statute 473.25 (a)(4); RF 2030 p9

Housing and economic development. These goals have been emphasized to some degree for all programs and are a major concern of program stakeholders. Demonstrating the variety of housing created along with affordable housing is recommended, as they both represent policy goals present in the 2030 Regional Framework. Economic development outcomes may not be emphasized to the same degree for each program, but demonstrating these outcomes as much as it is feasible for each program is recommended due to its importance to stakeholders. Economic development outcomes, especially jobs created or maintained, present several technical challenges for data collection that will need to be addressed in a systematic way.
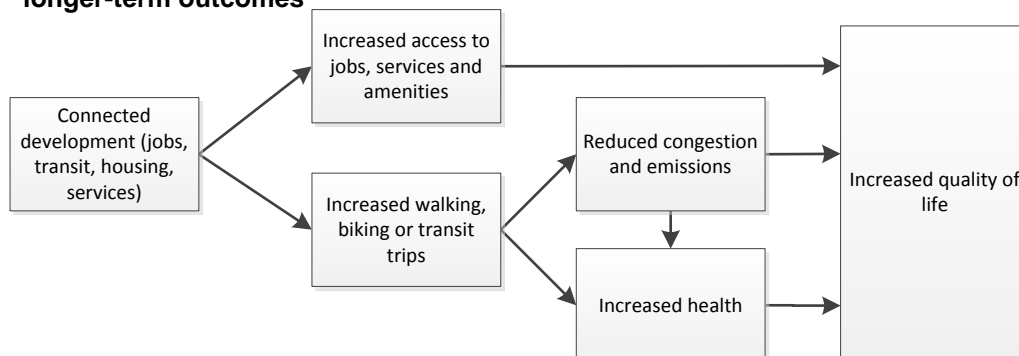
Preserve and protect natural resources. This is a main policy goal of the current regional framework and is present to some degree in the application evaluation criteria of each program. This goal may be achieved in several ways, and each program may achieve it differently. Defining which outcomes can be expected and how they will be measured is important for this goal.

Long-term outcomes could be clarified to help define and communicate ultimate program goals.

Increased outcome monitoring and evaluation presents opportunities for Livable Communities to clarify how medium-term outcomes lead to longer-term program impact. Doing so can help place the program into a larger context and communicate ultimate goals to stakeholders.

For example, consider the medium-term outcome of connecting housing, jobs and services discussed in the Regional Framework. There are several potential outcomes that result from achieving connected development that help describe its impact. (Figure 1, below) Increased connected development may lead to 1) increased access to jobs, services and amenities, and 2) increased walking, biking or transit trips. Increased walking, biking and transit trips may lead to additional outcomes, such as 1) reduced congestion and emissions and 2) increased health. All of these outcomes may be thought of as leading to an even broader long-term outcome of increased quality of life in the region. The achievement of the longer term outcomes may be more difficult to actually measure, but by demonstrating one outcome, connected development, the program may also demonstrate that it is working toward longer-term goals. Periodic studies that measure the connection between medium and long-term outcomes and the degree of impact may supplement the regular monitoring of medium-term outcomes.

Figure 1: Example links between connected development and longer-term outcomes

Discussions with staff revealed several technical challenges to increased outcome monitoring. Strategies for addressing these challenges are proposed after a short discussion of each challenge, and are summarized in the Appendix.

Limited resources. One of the biggest challenges to developing an outcome monitoring program has been limited staff time. The recent addition of a staff member has improved the capacity of the program to track outcomes, but staff availability may remain a challenge as each staff member is also responsible for administering a grant program. Strategies to address this challenge may include:

- Phase in monitoring and evaluation activities over time
- Develop ways to automate data collection as much as feasible
- Consider partnering with research for data collection and analysis
- Consider hiring interns for outcome monitoring activities

Program change. The challenge of frequent program change was a common theme in interviews with staff. Livable Communities is experiencing program change in many different ways. At a policy level, the Metropolitan Council is undergoing a revision of the Regional Framework which may change the guiding policies Livable Communities addresses and changes in program emphasis are also reportedly common when there is a change in the composition in the Council. Livable communities has recently added a new TOD grant category, which has affected the relative ranking of criteria in other programs and the TOD strategic action plan may affect TOD administration further. Several new innovations have been introduced to the program. New training and design workshops have been added, revised guidance for applicants has been created for LCDA and TOD and a new grant tracking database is being developed for all programs. While these changes are typically positive, they also affect program administration, time available to staff and can make agreeing on which outcomes to demonstrate a challenge. Strategies to address this challenge may include:

- Prioritize the development of outcome monitoring and evaluation to address the risk that other changes will take precedence
- Gather information that is flexible to address changing success criteria. For example, track the absolute distance a development is from transit, so proximity to transit can be reported even if the desired distance changes over time.
- Develop success criteria for outcomes with program stakeholders so data that is collected meets their information needs as the program changes
- Report on how policy change affects program outputs and outcomes

Trade-offs and external factors. Staff relate that several outcomes compete as trade-offs (Table 4, below). Not every project will be able to meet every goal of the program. Some projects that score very high in one area will score low in another because each outcome cannot be present to the same degree at the same time. Equitable distribution of grants across the region must be balanced with the competitive nature of the grants seeking the highest public return. Economic development goals such as increased tax base exist in tension with affordable housing goals. Creation of a variety of housing types is in tension with an emphasis on creating affordable housing. Trade-offs add to the complication of program administration, but are an important consideration for stakeholders and policy makers to understand about the program so they can be appropriately balanced.

Table 4: Potential outcome trade-offs		
Distribution of grants	←——→	Competitive grant funding to maximize public benefit
Economic development (eg. increased tax base, jobs)	←——→	Affordable housing
Variety of housing types, densities and costs	←——→	Affordable housing

Several external factors influence program outcomes. Some external factors may be within the power of the program to manage where others may not. Where external factors cannot be influenced they should be acknowledged during reporting to help demonstrate what outcomes the program can reasonably be held accountable for, and potentially generate ideas for program changes to address these factors. Strategies to address trade-offs and external factors may include:

- Acknowledge external factors and trade-offs in reporting
- Conduct periodic evaluations of long-term impacts, to understand the influence of trade-offs and external factors on the achievement of ultimate goals

Balancing stakeholder interests. Outcomes that stakeholders are especially interested in should be prioritized for data collection, but given the number of goals balanced by Livable Communities, there is a risk that certain outcomes may be emphasized for monitoring and evaluation activities over other program goals, especially if stakeholders are strongly interested in particular outcomes. This may give the impression that the program is working toward few goals instead of balancing a variety of goals. Strategies to address this challenge may include:

- Report regularly on the various outcomes the program balances to build awareness of all program goals
- To the degree feasible, include various stakeholders in developing priority outcomes to demonstrate, success criteria and data collection methods, so the data collected addresses their concerns
- Collect data on outcomes various stakeholders are interested in so reporting can be tailored to different audiences

Differences between grant categories. Though there are several goals and outcomes that are shared between grant categories, individual categories produce additional outcomes. Categories may also achieve shared outcomes in different ways or have a different emphasis. The differences between categories may be as important to understand and communicate as aggregate outcomes. Strategies to address this challenge may include:

- Disaggregate shared outcomes by grant category
- Develop monitoring and evaluation activities for additional category-specific outcomes.

Some outcomes are more difficult to measure than others. Not all outcomes are easy to demonstrate. The risk is that outcomes that are easiest to collect data on are prioritized even if other more difficult outcomes are equally important. Jobs created is one example of an important outcome to demonstrate that has been challenging to collect systematic data on. Strategies to address this challenge may include:

- Develop reasonable proxies for outcomes
- Use research to reasonably demonstrate that achieving one outcome leads to another
- If using self-reported data, develop systemic ways to verify its reliability. Occasional in depth studies may help confirm estimates.

CONCLUSIONS

1. *Livable Communities is a complicated program made up of nine separate but related grant categories. The larger grant categories have different funding sources, funding amounts and have each developed unique partnerships. Each category must also balance several policy goals, but achieves these goals in different ways. These complicated features present challenges for administration, communication and the measurement of outcomes.*

2. *Program staff has regularly reported program outputs and is increasing and expanding measurement of outcomes, but the collection and reporting of outcomes in a continuing, systematic manner across all grant categories can be improved. Well-defined outcome monitoring and evaluation will help management clarify and communicate program features to stakeholders and provide information to policymakers. This information can be used for program improvement, organizational learning and accountability.*

RECOMMENDATIONS

1. **Consider using the process of updating the Regional Framework to clarify the role of each Livable Communities category in implementing the Framework at the policy level.**

   Management Response: Agree. Livable Communities Act (LCA) staff is monitoring the Thrive MSP 2040 process and the subsequent system and policy plans and identifying and clarifying the ways each LCA grant program and its criteria can further the Council's policies, goals and objectives. The LCA criteria will be reflected in each year's Livable Communities Act Annual Fund Distribution Plan.

2. **Continue to develop systematic monitoring and evaluation activities for all grant categories.** As it may not be feasible to monitor all program outcomes, consider prioritizing short and medium-term outcomes that stakeholders are especially interested in and represent the various policy goals of the program. For outcomes that are shared between multiple categories, success criteria could be standardized to report summary outcomes across programs.

   Management Response: Agree. LCA staff continues to refine and improve outcome reporting each year. All past grant documents have now been scanned into electronic format and the data is currently being entered into a database which will enhance monitoring and reporting capabilities. The Council's new grants database software, currently under development, will also help with the ability to compile outcomes data.

3. **Consider including key indicators related to the main problems each category addresses in monitoring activities.** These may include indicators related to affordable housing, variety of housing, efficient development and the preservation of natural resources as they relate to the program. This will help monitor progress toward goals, explain the purpose of each category to stakeholders and guide program administration.

   Management Response: Agree. LCA staff, within available staffing levels, will continue to refine and define key indicators for monitoring and reporting. The development of a Council Housing Policy Plan and updates to the Council mandated system plans will guide the LCA staff working toward this goal.

4. **Consider periodic evaluations to supplement outcome monitoring.** Evaluations could be focused on improving internal processes, or could address questions management and stakeholders are interested in, such as understanding if the program been more effective under certain circumstances or to what it extent it achieves long-term outcomes that are more difficult to regularly monitor.

   Management Response: Agree. Each year, as part of the process for preparing the Annual Livable Communities Act Fund Distribution Plan, LCA staff will evaluate each grant account, grant cycle and grant administration and will continue to refine key grant outcomes and methods for gathering and measuring data.

Appendix 1

Appendix 1: Summary of strategies to address outcome monitoring challenges

Challenge	Strategy
1. Lack of resources	- Phase in monitoring and evaluation activities over time - Develop ways to automate data collection as much as feasible - Consider partnering with research for data collection and analysis - Consider hiring interns for outcome monitoring activities
2. Program change	- Prioritize the development of outcome monitoring and evaluation to address the risk that other changes will take precedence - Develop success criteria for outcomes with stakeholders so data that is collected meets their information needs - Gather information that is flexible to address changing success criteria.
3. Trade-offs and external factors	- Acknowledge external factors and trade-offs in reporting - Report on how policy change affects program outputs - Conduct periodic evaluations of long-term impacts, to understand the influence of trade-offs and external factors on the achievement of ultimate goals
4. Balancing stakeholder interests	- Report regularly on the various outcomes the program balances - To the degree feasible, include various stakeholders in developing priority outcomes, success criteria and data collection methods, so the data collected addresses their concerns - Collect data on outcomes various stakeholders are interested in so reporting can be tailored to different audiences
5. Differences between categories	- Disaggregate shared outcomes by grant category - Develop monitoring and evaluation activities for additional category-specific outcomes.
6. Some outcomes are difficult to measure	- Develop reasonable proxies for outcomes - Use research to reasonably demonstrate that achieving one outcome leads to another - If self-reporting is only feasible method, develop systematic ways to check data. Occasional in-depth studies may help confirm estimates.