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PROGRAM & BUSINESS PLANNING

Excellent programs have clearly stated and prioritized objectives; possess the capability, resources, and systems to meet their goals; and measure and report on outcomes.

1. PROGRAM & BUSINESS PLANNING

It is easier to run an efficient and successful program when there are systems in place to support program administration, manage resources, and track outcomes. When programs grow organically, they may skip critical steps in the planning process. It is important to stop and assess periodically to make sure the program design is meeting community needs and having the desired impact on the community.

Exclusions/Modifications: For co-op sponsors and stewards, Standard 1.6 should require that information be systematically tracked about co-op corporations.

Standard 1.1 Goals and Objectives

Clearly articulate program's goals and objectives.

In order to operate effectively, programs need to clearly state and prioritize their objectives. This helps them track successes, make necessary revisions to program design, and set budget priorities.

Required Practices

1.1.a. For each program, maintain a written statement of program goals and objectives, community served, and geographic area covered.

Clearly defined goals and objectives inform program design and serve as the basis for evaluating outcomes. Many funding sources will ask for this information on funding applications, even when programs are new. Goals and objectives change over time, so periodically reviewing and updating them is essential to staying focused on program priorities.

Standard 1.2 Program Design Review

Periodically review and update program design.

As learning occurs and community needs change, programs must adapt. Programs that periodically review and update program design create an opportunity to implement improved practices and respond to changing market and community conditions.

Required Practices

1.2.a. At least every three years, evaluate your program's effectiveness at meeting community

need and review your program design (e.g. program rules, policies, and procedures) to make sure it is current and reflects best practices.

At some point in time, most programs are faced with making changes to their program design, either because of changes in the market or community, or because their approach is not producing the desired results. Market and demographic changes, new funding sources, revised regulations, and organizational learning can all impact a program's approach. Reviewing program design on a scheduled basis ensures that the organization makes room for assessment and revision in the course of regular business.



Just developing a plan every few years doesn't mean anything if there isn't a constant reference back to that and how it integrates to the organization's daily work and mission. ”

Standard 1.3 Policies and Procedures

Adopt detailed policies and procedures to direct program operations.

Written operational guidelines ensure greater consistency in program implementation and preserve institutional knowledge about the program when staffing changes.

Required Practices

1.3.a. Maintain a written program administrative manual with a detailed description of all program components. Program manual should cover ALL of the following elements:

- ▶ **Funding Sources**
- ▶ **Pricing**
- ▶ **Marketing and outreach**
- ▶ **Application**
- ▶ **Homebuyer selection**
- ▶ **Allowable loan types**

- ▶ Refinance provisions
- ▶ Monitoring and enforcement
- ▶ Resales
- ▶ Records maintenance
- ▶ Conflict of Interest Policy

Written policies and procedures can avert conflict and trouble. A program administrative manual keeps all relevant policies in one place and reduces the tendency to act on memory or instinct. This manual, whether a binder or a separate electronic folder on the organization's computer system, should be readily accessible to all staff and updated regularly.

Standard 1.4 Legal Counsel

Coordinate support from knowledgeable legal counsel.

Affordable homeownership program transactions can be very complex. Programs need access to knowledgeable legal counsel that has experience working with affordability restrictions, real estate contracts, homebuyer financing, and fair housing to review program policies and documents for compliance with federal, state, and local laws.

Required Practices

1.4.a. Identify legal counsel that is knowledgeable about affordable homeownership programs.

At some point, all programs will need access to legal counsel with specific knowledge about affordable homeownership programs, and should have a person or firm identified. This firm may be different from the general counsel retained for organizational or other real estate legal matters.



Tip: Ideally, programs would have legal counsel review all program policies and documents for compliance with all federal, state, and local laws.



Because of the disclosures, purchase documents, and loan docs in affordable homeownership, counsel is essential.



Standard 1.5 Conflict of Interest

Manage real and perceived conflicts of interest.

Managing conflicts of interest and perceived conflicts of interest can avert political disaster and promote community support. It is in the program's best interest to carefully manage perceived or real conflicts of interest in order to maintain credibility and legitimacy in the public eye.

Required Practices

1.5.a. Adopt and follow a written conflict of interest policy.

Conflicts of interest, whether real or perceived, can arise during project development, the selection and approval of homebuyers or borrowers, or the procurement of goods and services. This is particularly so when programs engaged in transactions are governed by professionals with ties to finance, insurance, construction, or other development entities that may have a transactional interest. Adopting and following a written conflict of interest policy creates transparency and promotes organization and program credibility. A program may develop a new policy specific to the program or may apply the same policies already in use for the organization.

Standard 1.6 Information Tracking

Systematically track information on transactions, owners, borrowers, and homes.

In order to effectively manage affordable units over time, program staff must be able to securely store data and readily access information about prior transactions.

Required Practices

1.6.a. Maintain an electronic information management system under which program data is complete, secure, and easily accessible.

Given the long-term nature of homeownership, homebuyer loans, and affordability controls, programs need a reliable and secure system to track information on transactions, owners, and homes. Program information should be consistently filed and organized and the data should be readily accessible to program staff. Programs should avoid storing documents solely in paper files. An effective system performs both program management and program evaluation functions.

1.6.b. Collect and file sales and loan closing documents, using a checklist to make sure files are complete.

A comprehensive checklist that ensures sales and loan closing documents are retained for each buyer and

property is essential to responding to owner and funder questions and managing resales. Examples of documents to collect include the final HUD-1, all recorded documents, an insurance certificate, Uniform Residential Loan Application (1003), title policy, and lender's appraisal.



Tip: HomeKeeper, a data management software program, was developed specifically to meet the needs of affordable homeownership programs.

Standard 1.7 Operating Budgets

Determine revenue needs and identify sources to meet those needs.

Programs that develop realistic operating budgets will understand whether they face a gap between what it costs to run the program and what the program anticipates earning from program- and development-related income. They are then positioned to prepare for funding shortfalls by identifying additional sources of revenue.

Required Practices

1.7.a. Develop a multi-year (at least two years) operating budget.

Having a program budget helps clarify the funding gap, if any, that will need to be filled to sustain the program. In addition to detailing the current year budget, programs should project operating revenues and expenses for at least the next two years. Ideally, the program budget should separate out staff time and resources allocated to homebuyer selection, unit monitoring, fundraising, marketing, and development/rehab/acquisition, if applicable.



Tip: Many forms of revenue are uncertain or unstable. Identify operating reserves in the organization and program operating budgets to demonstrate that the organization has the ability to maintain continuity in times of financial hardship.

Standard 1.8 Financial Systems

Systematically track revenues and expenditures, segregate restricted funds, and conduct periodic audits.

Programs with adequate financial management systems are less at risk of violating the requirements of their various funding sources and are more likely to maintain financial support for their programs.

Required Practices

1.8.a. Maintain a financial management system to track revenues and expenditures.

An effective financial management system allows programs to accurately keep track of money received, expenses incurred, and outstanding obligations. It is necessary for reporting purposes as well as day-to-day program management.

1.8.b. Demonstrate fund segregation in financial statements.

Segregating funds allows the organization to readily track and report on the status of specific funds. Some funding sources require their investment be segregated and reported separately in the organization's financial statements.

1.8.c. Conduct audits as required by funding sources, or at least every two years.

Regular audits measure the adequacy of procedures and documents and the effectiveness of program implementation. They are an invaluable tool to identify whether the organization and program has adequate and effective governance, risk management, and internal controls. Some funding sources will require an audit based on the amount of funding provided to the organization or program, and will usually include audit provisions in the funding agreement.



OPTIMAL STANDARDS FOR HIGH PERFORMING PROGRAMS

★ Standard 1.9 Market Research

Document or reference market conditions that support the need for services.

Market research promotes effective program design, provides important information about the financial viability of the program, and is an important component of business planning. Organizations can often rely on market research prepared by third parties, including planning efforts by government agencies and market information compiled by knowledgeable real estate professionals. Program staff can also conduct research to collect detailed information on local income and housing prices, analyze the current levels of homebuyer affordability in the

community, and gather information on other existing homeownership programs that share a target market. This analysis should be repeated periodically to ensure that the program continues to meet community needs.

Standard 1.10 Client Feedback

Establish mechanism to solicit client feedback and incorporate feedback into program design.

Programs that solicit client feedback gain valuable and important insights into how program policies, design, and implementation look and feel to their clients. High-performing programs develop written policies and procedures to incorporate this feedback into the program's system for reviewing and updating program design. There are many methods for soliciting client feedback. Possible formats include an exit interview, exit survey completed at closing, or conducting program surveys or interviews post-closing. Many organizations find that informal discussions with clients and homeowners provide the most valuable feedback, and have a practice of sharing client stories in staff meetings and through staff reports.

Standard 1.11 Community Awareness

Build community awareness and support by actively communicating goals and how services promote goals.

Programs that proactively reach out to the community are most effective at reaching their target markets and building support. Community outreach creates the political and policy environment necessary to further program and organization goals and secure funding. Many programs find a written community outreach plan helps them meet these goals. On-line and print communications that convey program goals and services are widely used by high-performing programs, along with participation in local housing fairs and other events that reach not only their target market, but the entire community.

Standard 1.12 Outcomes Measurement

Measure homebuyer activity and program impact.

Measuring program outcomes is essential to evaluating the success of a program in meeting its stated goals. High-performing organizations establish systems to measure and track key metrics, such as the number of families assisted, the number of new homeowners, the number of resales, resources invested, initial affordability levels, and affordability upon resale. In addition to measuring outcomes, high-performing programs also generate periodic reports for various audiences. These reports are used to build interest, support, and trust in the program.