OFFICE OF INSPECTOR GENERAL

OFFICE OF EVALUATION

U.S. DEPARTMENT
OF HOUSING
AND URBAN
DEVELOPMENT

Assessing HUD Plans for Evaluating Urban Promise Zones and HUD Grant Programs Participating in Promise Zones

Program Evaluations Division

MEMORANDUM
April 19, 2017

U.S. DEPARTMENT
OF HOUSING
AND URBAN
DEVELOPMENT

TO: Nelson Bregon
          Associate Assistant Deputy Secretary, Office of Field Policy and Management, M

FROM: Brian Pattison
          Assistant Inspector General for Evaluation, G

SUBJECT: Assessing HUD Plans for Evaluating Urban Promise Zones and HUD Grant
          Programs Participating in Promise Zones

Attached is our report addressing the U.S. Department of Housing and Urban Development
(HUD) plans to evaluate the progress made in the urban Promise Zones and the impact of HUD
grant programs participating in the Promise Zone initiative. This review was conducted by
Zelos, LLC, for the HUD Office of Inspector General.

The HUD Office of Field Policy and Management (OFPM) is responsible evaluating the urban
Promise Zones, and we performed this project to assist with its efforts. Zelos observed that
OFPM could take steps to develop an evaluation plan and work more closely with program
offices participating in the initiative and made three recommendations. The agency recognizes
the importance of evaluating the initiative and provided additional information on actions taken
and planned that correspond with the recommendations. These responses satisfied the intent of
our recommendations, and the agency's complete response is provided in appendix G.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on
recommended corrective actions. For each recommendation without a management decision,
please respond and provide status reports in accordance with the HUD Handbook. Please furnish
us copies of any correspondence or directives issued as a result of the evaluation.

If you have any questions, please contact me at 202-402-5832.

Attachment
Janet Golrick, Acting Deputy Secretary, Office of Secretary, S
Linda Cruciani, Acting General Counsel, Office of General Counsel, CAG
Cliff Taffet, General Deputy Assistant Secretary, Community Planning and Development, D
David A. Noguera, Supervisory CPD Specialist, Office of Policy Development and
Coordination, DOP
Jemine A. Bryon, General Deputy Assistant Secretary, Office of Public and Indian Housing, P
Bryan Greene, General Deputy Assistant Secretary, Office of Fair Housing and Equal
Opportunity, E1
Michelle Miller, Deputy Director, Office of Lead Hazard Control and Healthy Homes, LM

ZELOS

April 04, 2017

Mr. Brian Pattison
Assistant Inspector General for Evaluation
Office of Inspector General
U.S. Department of Housing and Urban Development
Washington, DC 20410-0001

Dear Mr. Pattison:

Zelos LLC performed an evaluation of the plans of the Office of Field Policy and Management (OFPM) to evaluate urban Promise Zones and HUD grant programs participating in Promise Zones. The evaluation objectives were to assess OFPM's approaches and plans for overseeing urban Promise Zones, including the ability to identify accomplishments and (potentially) outcomes; their oversight of the 11 HUD grant programs participating in the Promise Zone initiative, including data collection efforts and reporting requirements; and the skills and resources needed for HUD officials to analyze and use data collected, and for Promise Zones and HUD grant programs to comply with Federal reporting requirements.

This report presents the results of the evaluation and includes recommendations OFPM can implement to improve operations and meet reporting requirements for their programs. We conducted our evaluation as stipulated in BPA agreement number TFSAHUD16Q0001, project 2016-OE-0010.

We appreciate the opportunity to perform this evaluation. Should you have any questions, or if we can be of any further assistance, please contact me at stacia.aylward@zelosllc.com or at 703-828-7831.

Sincerely,

Stacia C. Aylward, CEO

Stacia C. Aylward, CEO

Executive Summary

Assessing HUD Plans for Evaluating Urban Promise Zones and HUD Grant Programs Participating in the Promise Zones

Report Number: 2016-OE-0010   **April 19, 2017**

Purpose

(1) Determine how the U.S. Department of Housing and Urban Development (HUD), Office of Field Policy and Management (OFPM), plans to evaluate urban Promise Zones and HUD grant programs participating in Promise Zones and (2) enable HUD to more effectively perform its role as lead agency for the urban Promise Zones.

Background

Twenty-two Promise Zones were selected through three rounds of national competition. HUD oversees 14 urban Promise Zones, and the U.S. Department of Agriculture (USDA) oversees 8 rural and tribal Promise Zones. The Office of Management and Budget (OMB) tasked HUD and USDA to lead the Promise Zone initiative and play essential roles in gathering information about progress in Promise Zones through regular reporting exercises. OFPM represents HUD in this role.

Observations

- Selecting Promise Zone communities and making the program operational at Federal and community levels was HUD's focus for the past 3 years. HUD implemented Promise Zone designation agreements, which included data reporting requirements, in the latter part of 2016 but has not yet developed an evaluation plan for the initiative.
- OFPM has been tracking the 11 participating HUD grant programs but does not currently have a plan to assess the programs' participation or contributions to Promise Zones. In addition, the grant program offices have not entered grantee or funding information to comply with OMB requirements, which could provide information for evaluation.
- Limited resources could make it difficult for OFPM to evaluate the Promise Zone initiative itself or the contributions and impact of HUD's participating grant programs on the urban Promise Zone communities for which it has responsibility.

Recommendations

The Director of OFPM should
- Complete all steps necessary for an effective evaluation effort.
- Work with grant program offices to overcome reporting challenges.
- Ensure that grant program offices report OMB-requested data.
- Learn from and leverage results of participating grant programs.
- Work with HUD's Office of Policy Development and Research on an evaluation approach and design for the Promise Zone initiative.
- Ensure that OFPM has the appropriate resources for its new Communications and Data Analysis Division.

Management Response

OFPM recognizes the importance of evaluating the urban Promise Zones and HUD's grant programs participating in the initiative. The agency's response provided additional information on actions taken and planned that correspond with the recommendations. See appendix G.

List of Acronyms

ACRONYM	DEFINITION
GAO	U.S. Government Accountability Office
HHS	U.S. Department of Health and Human Services
HUD	U.S. Department of Housing and Urban Development
OFPM	Office of Field Policy and Management
OMB	Office of Management and Budget
PD&R	Office of Policy Development and Research
USDA	U.S. Department of Agriculture

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Background and Objectives

The Office of Evaluation performed fieldwork to assess the Office of Field Policy and Management (OFPM) plans for evaluating urban Promise Zones. Additionally, this evaluation focused on operations and reporting processes for the 11 U.S. Department of Housing and Urban Development (HUD) grant programs participating in the Promise Zone initiative. Determining how these grant funds affect Promise Zones will provide HUD insight into how to improve program participation and enable HUD to more effectively perform its role as lead agency for the 14 urban Promise Zones.

Promise Zones as "Exemplars" of Place-Based Initiatives

Beginning with guidance issued in 2009, a new approach to Federal engagement with communities was advanced. This approach shifted away from a one-size-fits-all approach in favor of a collaborative Federal role characterized by partnership with local officials, coordination across agencies, and reliance on data and evidence to guide what works.[1] This new approach encompasses place-based efforts and initiatives.

In the 2013 State of the Union Address, the President laid out an initiative to highlight this place-based approach. He called for designating a number of urban, rural, and tribal communities as Promise Zones. Each Promise Zone is a high poverty community where the Federal Government partners with local leaders to

- increase economic activity,
- improve educational opportunities,
- leverage private investment,
- reduce violent crime,
- enhance public health, and
- address other priorities identified by the community.[2]

Twenty-two Promise Zones currently exist. (See appendix A for a complete list.) For example, the West Philadelphia Promise Zone is described as an intersection of need and opportunity for the city. Approximately 35,000 people live in this Promise Zone; 49 percent of all individuals

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[1] Office of Management and Budget (OMB) Memorandum M-16-23, Prioritizing Federal Investments in Promise Zones, September 2, 2016

[2] This excerpt from the State of the Union Address was taken from the Promise Zone Overview web page. For more information about the Promise Zone Initiative from HUD, go to https://www.hudexchange.info/programs/promise-zones/. Information current as of March 21, 2017.

and 56 percent of children live in poverty. San Antonio's Promise Zone is home to more than 70,000 residents and spans 22 square miles in a section of the city known as EastPoint.

A Promise Zone designation is for a 10-year term. Over 3 years of national competition (in 2014, 2015, and 2016), 14 urban Promises Zones and 8 rural and tribal Promise Zones were selected.

Several Federal departments and agencies (agencies) participate in the initiative and provide preference points to help applicants who are in a Promise Zone win grants. Since the beginning of the initiative, the number of participating agencies has increased from 10 to 12, and those agencies' participating grant programs have increased from 35 to 58. HUD's participation and role have also increased over the first 3 years of the initiative. For the first 2 years, HUD had three and then five grant programs participating in the initiative. For fiscal year 2016, 4 HUD program offices had 11 grant programs participating in the Promise Zone initiative:

- Office of Community Planning and Development
  - Capacity Building for Community Development and Affordable Housing Grants
- Office of Public and Indian Housing
  - Choice Neighborhoods Implementation Grant
  - Choice Neighborhoods Planning Grant
  - Community Development Block Grant for Indian Tribes and Alaska Native Villages
  - Jobs Plus Pilot Program
  - Juvenile Reentry Assistance Program
- Office of Fair Housing and Equal Opportunity
  - Fair Housing Initiatives Program – Education and Outreach Initiative
  - Fair Housing Initiatives Program – Fair Housing Organizations Initiative
  - Fair Housing Initiatives Program – Private Enforcement Initiative
- Office of Lead Hazard Control and Healthy Homes
  - Lead-Based Paint Hazard Control Grant Program
  - Lead Hazard Reduction Demonstration Grant Program

See appendix B for information on the number of Federal agencies and grant programs participating in the Promise Zone initiative as well as information on the participating HUD grant programs.

The Office of Management and Budget (OMB) cites the Promise Zone initiative as the exemplar of the new place-based approach, which establishes focused, coordinated Federal partnerships with high-need communities to invest in their resurgence. A Promise Zone designation confers Federal support, which includes (1) preference for Federal financial and technical assistance and (2) on-the-ground Federal staff support to achieve foundational goals, such as creating jobs,

increasing economic activity, improving educational opportunities, increasing access to affordable housing, and reducing serious and violent crime.[3]

Importance of Interagency Collaboration

In addition to the shift in the Federal-local partnership, Federal agencies need to find a way to work together collaboratively to address the needs of Promise Zones. The meaningful results that the Federal Government seeks to achieve require the coordinated efforts of more than one Federal agency and often more than one sector and level of government. Federal agencies have used a variety of mechanisms to implement interagency collaborative efforts, such as the President's appointing a coordinator, colocating agencies within one facility, or establishing interagency task forces. These mechanisms address a range of purposes, including program implementation, oversight and monitoring, information sharing and communication, and building organizational capacity such as staffing or training.[4] See appendix C for additional information about interagency collaboration.

HUD's Role as Lead Agency for Urban Promise Zones

Guidance OMB issued in September 2016 states that the Federal Government has a "particular imperative to deliver on its ten-year commitment to Promise Zones and an opportunity to facilitate learning about the effectiveness of the approach." In this guidance, OMB states that HUD and the U.S. Department of Agriculture (USDA) lead the Promise Zone initiative, with HUD overseeing the 14 urban Promise Zones and USDA the 8 rural and tribal Promise Zones. OMB states that these agencies "play critical roles in gathering both quantitative and qualitative information about progress in Promise Zones to understand the benefits of the designation." HUD charged OFPM with the responsibility of collecting data from and evaluating the 14 urban Promise Zones.

The OMB guidance also requires agencies to track and report Federal investments made in Promise Zones. It states that HUD and USDA should use this information to verify the investments to help determine the effectiveness of applying preference as a mechanism for directing Federal resources to high-need communities.[5] OFPM is coordinating with HUD's Office of Strategic Planning and Management to implement a consistent reporting format for the HUD grant programs participating in the Promise Zone initiative.

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[3] OMB Memorandum M-16-23, Prioritizing Federal Investments in Promise Zones, September 2, 2016

[4] U.S. Government Accountability Office (GAO) guidance, GAO-12-1022, Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms, September 2012

[5] Ibid.

The Role of Program Evaluation in Assessing Performance

As described in the U.S. Government Accountability Office (GAO) guidance, entitled Designing Evaluations,[6] Federal program evaluation studies play a key role in learning how to improve program performance or provide external accountability for the use of public resources (for example, to determine the "value added" by the expenditure of those resources)—or both. Evaluation can play a key role in strategic planning and program management, providing feedback on both program design and execution. See appendix D for additional information about program evaluation.

Evaluation Objectives

Our evaluation assessed OFPM's plans for overseeing the Promise Zones as well as the 11 HUD grant programs participating in the Promise Zone initiative. Our evaluation's objectives were to

- Assess OFPM's approaches and plans for overseeing urban Promise Zones, including the ability to identify accomplishments and (potentially) outcomes.

- Assess OFPM's oversight of the 11 HUD grant programs participating in the Promise Zone initiative, including data collection efforts and reporting requirements.

- Assess the skills and resources needed for HUD officials to analyze and use data collected and reported and for Promise Zones and HUD grant programs to comply with Federal reporting requirements.

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[6] GAO-12-208G, Designing Evaluations, January 2012

Evaluation Results

HUD Has Developed Data Collection Requirements but Does Not Yet Have an Evaluation Plan

HUD's focus for the first 3 years of the Promise Zone initiative has been on designating urban Promise Zone communities and making the initiative operational at both Federal and community levels. For the first 2 years, the urban Promise Zones prepared and submitted to HUD "Year in Review" progress reports that highlighted activities and accomplishments. These highlights were informative but varied in content and level of detail; therefore, HUD could not assess their significance or whether practices existed that other Promise Zones could or should copy.

In July, August, and September 2016, OFPM developed and implemented designation agreements with new reporting requirements for the urban Promise Zones. OFPM worked with HUD's Office of Policy Development and Research (PD&R) to determine what data HUD should collect and what the metrics should be. The agreements have monthly, quarterly, and annual data collection and reporting requirements and templates, as well as goals and core indicators organized in eight policy domains:

- employment and asset building,
- investment and business growth,
- education,
- public safety,
- housing,
- health,
- community infrastructure, and
- civic engagement.

The Federal agencies participating in the initiative identified these eight general policy domains in which Promise Zones have defined goals by working with the first round Promise Zones and making comparisons with the second round communities. The information Promise Zones are to report will be site specific as each Promise Zone has different goals, sub goals, and activities. HUD received OMB approval in January 2017 for the agreements' reporting requirements; therefore, the Promise Zones have not yet reported information.

In January 2017, OFPM created a Communication and Data Analysis Division, which will be responsible for evaluating and reporting on all place-based initiatives, including Promise Zones. According to OFPM officials, the Division is currently defining its mission and vision,

coordinating with local HUD and Promise Zone officials on Promise Zone community data reporting, and reviewing different ways of gathering data.[7]

Despite these efforts, HUD officials told us that they had not yet developed a plan to evaluate progress in urban Promise Zones. Given the significance and complexity of the initiative, it is important for HUD to develop an evaluation plan to assess the impact of the Promise Zone designations. Convincing evaluation results are needed for Promise Zones to fulfill their role as the exemplar of place-based programs.

HUD Has Collaborated With Promise Zone Partners Related to Data Collection and Evaluation

Because this is a multiagency Presidential initiative, HUD officials collaborated with USDA and the U.S. Department of Health and Human Services (HHS) to discuss the development and implementation of the Promise Zone initiative, program operations, and data collection and evaluation over time. OFPM officials have also coordinated with OMB, the White House, and officials in other departments, as shown in the following examples:

- In the initial years of the initiative, HUD's Office of Community Planning and Development worked with HHS officials on data sources Promise Zones could use to track progress. HHS also contracted with the Urban Institute on data collection matters.
- The Promise Zone evaluation responsibility was transferred in 2014 from HHS to HUD's Office of Community Planning and Development and then to OFPM in September 2014. OFPM worked with HUD's PD&R, other Federal agencies, academic institutions, nonprofits, and Promise Zones to develop the reporting requirements in the designation agreements.
- In September 2015, PD&R convened a panel of experts, including HUD Promise Zone officials, to obtain insights on potential evaluation strategies for Federal place-based initiatives.
- In September 2016, HUD participated in a "convening session" with the White House and OMB to talk about evaluation with Federal agencies, Promise Zone lead organizations and local personnel, and selected academicians from Promise Zone communities.

HUD officials also took steps to improve collaboration:

- Senior leadership established a Place-Based Executive Committee in 2015 to enhance collaboration and incorporate lessons learned from existing place-based initiatives.

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[7] OFPM officials stated that a new data source is the Community Assessment Reporting Tool, a reference and mapping tool launched at HUD in December 2016.

- In July 2016, Committee members issued recommendations for HUD to formalize a more community-focused way of working by the end of the year.
- In January 2017, HUD approved the Place-Based Executive Committee Charter with specific goals to facilitate and encourage collaboration among HUD staff in headquarters and regional and field offices.

This concerted effort to collaborate, encourage innovative approaches, and deliver critical resources to communities has proved to be essential for setting up and implementing the Promise Zone initiative. Over time and with leadership, these collaborative actions may result in more coordinated or effective research into Promise Zones at local levels and may improve the quality of evaluation results.

Guidance Exists for Developing an Evaluation Plan

GAO has issued guidance outlining an approach for conducting program evaluations. This guidance, entitled Designing Evaluations, has five steps for conducting an effective program evaluation. HUD has made progress on some of these five steps but has work to do in most areas. The five steps, along with HUD's progress in each, is discussed below.

Step 1: Clarify the Program's Goals and Strategy

Many OMB and White House memorandums, fact sheets, and press releases specify the Promise Zone initiative's strategy and goals for the Federal Government to work strategically with local leaders to

- boost economic activity and job growth,
- improve educational opportunities,
- reduce crime, and
- leverage private investment to improve the quality of life in these vulnerable areas.

OFPM worked with each Promise Zone to develop the designation agreements outlining the community's specific goals, sub goals, activities, measures, and reporting requirements. The agreements capture the intent of step 1 as they describe the components and desired results each community expects to achieve.

Step 2: Develop Relevant and Useful Evaluation Questions

Evaluation questions are constructed so that the issues and concerns of a program's stakeholders about program performance can be articulated and to focus the evaluation to help ensure that its findings are useful. For example, in the early stages of a program, common evaluation questions include

- Is the program being delivered as intended to the targeted recipients?

- Have any feasibility or management problems emerged?
- What progress has been made in implementing changes or new provisions?

OFPM needs to develop these questions to help frame the scope of the assessment and guide the evaluation design, data to collect, and comparisons to make.

Step 3: Select an Appropriate Evaluation Approach for Each Evaluation Question

An evaluation approach documents the activities best able to provide credible evidence on the evaluation questions and the logical basis for drawing strong conclusions on those questions. A design matrix is a key framework, typically comprised of the following components:

Researchable question(s)	Information required and source(s)	Scope and methodology	Limitations	What this analysis will allow evaluators to say
What questions is the team trying to answer?	*What information does the team need to address each evaluation question? Where will the team get it?*	*How will the team answer each evaluation question?*	*What are the design's limitations, and how will they affect the product?*	*What are the expected results of the work?*

Developing a design matrix will assist OFPM in justifying the design components for each researchable question and can help stakeholders understand the logic of the evaluation.

Step 4: Identify Data Sources and Collection Procedures To Obtain Relevant, Credible Information

OFPM has identified data sources and defined data collection responsibilities in the designation agreements, and each Promise Zone specifies measures and expected results for its individual goals. OFPM will need to define and use data to compare and assess each Promise Zone's actual performance based on the monthly, quarterly, and annual data reported.

Step 5: Develop Plans To Analyze the Data in Ways That Allow Valid Conclusions To Be Drawn From the Evaluation Questions

OFPM's evaluation plan will need to address both Promise Zone implementation issues and outcomes. For example, a common implementation evaluation question is whether the activity or program is being implemented as intended. Outcome evaluations address questions such as whether the initiative is achieving its desired outcomes or whether the outcomes differ across Promise Zones. Outcome evaluations also assess program processes to understand how those outcomes are produced. To appropriately assess program effectiveness, OFPM must select outcome measures that clearly represent the nature of the expected program benefit, cover key aspects of desired performance, and are not unduly influenced by factors outside the program's control.

Recommendations

- The Director of OFPM should complete all steps necessary for an effective evaluation effort.

Management Response

The OFPM response states that it recognizes the importance of evaluation of the Urban Promise Zones and HUD's program offices' participation in the Promise Zones. This office also understands the importance of providing the data useful and relevant to its place-based Initiatives. In addition, the response used the five steps listed by GAO to provide additional information on actions OFPM has taken and is planning for developing an evaluation plan.

Management's complete response is provided in appendix G.

HUD Grant Programs Have Provided Little Data About Their Promise Zone Efforts

OFPM has been tracking the HUD grant programs participating in the Promise Zone initiative, but it does not know how effectively the HUD programs are contributing to and supporting Promise Zones other than offering a two-point preference to Promise Zone communities applying for grants. As of February 2017, the HUD program offices had not entered grantees or funding amounts into OMB's online data collection tool according to the September 2016 OMB reporting requirement. If OFPM worked more closely with the HUD grant programs participating in Promise Zones, it would have a better opportunity to identify and document the programs' impact on Promise Zones.

Given that HUD is the leader of the urban Promise Zones, it has an opportunity to encourage communication, collaboration, and leveraging promising practices among its own internal, participating programs. In addition, this level of involvement could provide a model for other Federal agencies to work with and learn from their participating programs and to document progress.

HUD Grant Programs Shared Reasons Why They Experience Challenges in Providing Data on Their Promise Zone Efforts

When we met in January and February 2017 with officials from the four program offices with grant programs participating in the Promise Zone initiative, they were not aware of OMB's September 2016 reporting requirements. In addition, OFPM had not coordinated with them to discuss the impact of their grant programs' participation in Promise Zones. Although OFPM's focus for the past 3 years was on designating urban Promise Zone communities and making the initiative operational, it should now coordinate with these offices and learn what works well and what needs improvement from its own 11 grant programs. Such an approach can help the agency and the Promise Zones maximize their programs' contributions.

An Office of Lead Hazard Control and Healthy Homes official told us that the Office awarded Promise Zone preference points in all rounds of Promise Zone competitions but does not collect, report, evaluate, or share information on the impact of the lead control programs in Promise Zones. The official added that because the Office focuses on assisting all grantees receiving lead control grant program funding and does not distinguish whether the recipient is in a Promise Zone, it would be difficult to assess the impact of the grant program on the Promise Zone in which it operates.

An Office of Community Planning and Development official said that the only Promise Zone guidance the Office had received was technical assistance from HUD's Grants Management Office regarding the Promise Zone grant application process. This official said that the Promise Zone initiative was more of a "campaign" than a "program" in contrast to Empowerment Zones, which have Federal tax incentives as well as State and local funding.[8]

An Office of Public and Indian Housing official said that the Office was asked to provide feedback on the Promise Zone initiative, given its responsibility for the Choice Neighborhoods place-based program. However, the official added that it would be impossible to determine how Choice grants, which target a small area, contribute to the Promise Zone goals in an area that is typically much larger. In addition, the official said that the Choice metrics do not capture the Promise Zone perspective.

Office of Fair Housing and Equal Opportunity officials said that they had not yet captured lessons learned by communities that had grant funding but that it would be of value to capture successful practices from each field office. The Office could then leverage this information with all field offices and other program offices with grant programs participating in the Promise Zone initiative.

HUD Has Not Provided All Data OMB Requested

The September 2016 OMB memorandum requested agencies to enter Federal investment information for Promise Zones into OMB's online data collection tool by October 31, 2016. In January 2017, OFPM provided the basic grant program information – program name, web page links, and contact persons – in response to the OMB tracking requirement. However, the HUD program offices have not entered specific funding information for the grant programs. OFPM is coordinating with the Office of Strategic Planning and Management to implement a consistent and uniform reporting format for the HUD programs participating in the Promise Zone initiative. In addition, an OMB official said that OMB did not have a timeline for having funding information entered into the tool. Once this information is reported, OFPM can use the

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[8] Empowerment Zones are designated areas of high poverty and unemployment that benefit from tax incentives provided to businesses within the boundaries of the Empowerment Zones.

information to develop reports and determine whether other information is needed to assess how grant programs are affecting Promise Zones.

Recommendation

2. The Director of OFPM should

- Work with grant program offices to overcome reporting challenges.
- Ensure that grant program offices report OMB-requested data.
- Learn from and leverage results of participating grant programs.

Management Response

The OFPM response agreed with and acknowledged the importance of reporting and data analysis on effective organizational operations and noted that OFPM uses the Place-Based Executive Committee to coordinate with other HUD program offices in achieving the goals and outcomes of initiatives such as Promise Zones. The response outlines several steps OFPM may take to enhance collaboration across HUD program offices, noting OFPM's unique position to serve as "connective tissue between HUD program offices and other Federal agencies and stakeholders." The response also outlined steps OFPM may take to support the offices in reporting the OMB-requested data.

In addition, to learn from and leverage the results of participating grant programs, OFPM officials said they may survey individual Promise Zones about the impact of the participating grant programs, as well as about challenges associated with resource limitations, and share those results across the Promise Zones.

Management's complete response for this three-part recommendation is provided in appendix G.

Meeting Reporting Responsibilities Will Be a Challenge for HUD and Promise Zones Due to a Lack of Resources

When OMB stated that the Federal Government has a "particular imperative" to test the effectiveness of the Promise Zones initiative as a place-based approach, it set the stage for HUD and participating Federal agencies to play essential roles in gathering both quantitative and qualitative information about progress in Promise Zones. OMB declared that the evaluation goal is "to understand the benefits of the designation to Promise Zones and to the Federal government in carrying out its work effectively across agencies." However, agency and community officials at multiple levels have raised questions about their ability to do so because of a lack of resources.

The Promise Zone Initiative Is Not a Funded Program and Lacks Funding for Data Collection and Evaluation

The Promise Zone initiative is not a federally funded program. Similar to other statutory competitive grant programs in many ways, the Promise Zone initiative lacks funding for personnel to perform tasks such as monitoring participating programs and collecting and reporting data on performance. Promise Zone designees do receive five full-time AmeriCorps Volunteers in Service to America volunteers, but we did not assess their individual and collective ability to assist in data collection and evaluation or other tasks they may be assigned.

Resource Challenges Are a Concern for Promise Zone Lead Organizations

We discussed with Promise Zones' lead organizations their resources for collecting data on and analyzing the effectiveness of activities in their Promise Zone communities. In each case, lead organizations recognized the value and importance of tracking Federal investment and its impact but also noted that their data collection and evaluation efforts were constrained significantly by limited resources. In several cases, these efforts were funded by the city government or other means. For example, the San Antonio Promise Zone's lead organization obtained funding from the City Council to hire an organization to conduct an evaluation of the impact of Federal investment in its community.

Two Promise Zone officials told us they had concerns when signing their designation agreements about their ability to meet the reporting requirements, particularly their ability to collect and develop the monthly, quarterly, annual, and other reporting requirements. However, they did not want to lose their designation by not signing the agreements. The impact of the lack of resources on Promise Zones' abilities to meet reporting requirements remains to be seen.

Resource Options Are Available for Evaluating the Promise Zone Initiative

OFPM has enlisted PD&R for assistance in evaluating the effectiveness of the initiative in the urban Promise Zones. PD&R generally assists and consults with HUD offices and programs or performs evaluations when Congress provides resources or funding. Although such funding was requested in a past HUD budget justification, the funding was not provided, limiting PD&R's evaluation resources for supporting OFPM's Promise Zone activities.

An important development is that in January 2017, OFPM established a Communications and Data Analysis Division to be responsible for analyzing and reporting on place-based initiatives, including but not limited to Promise Zones. For example, OFPM is also responsible for developing and communicating quarterly reports to HUD's Place-Based Executive Committee for cross-programmatic place-based communities in each HUD field office. Given the importance of program monitoring, oversight, and evaluation and in accordance with its OMB-designated Promise Zone responsibilities, OFPM is responsible for providing the necessary evaluation resources for the Division.

Recommendation

3. The Director of OFPM should

- Work with PD&R on an evaluation approach and design for the Promise Zone initiative.
- Ensure that OFPM has the appropriate resources for its new Communications and Data Analysis Division.

Management Response

OFPM's response to the recommendation about working with PD&R cited both the previously reported difficulties in evaluating the Promise Zones (see PD&R's October 2015 report) and the lack of success in obtaining funding – estimated at $1.75 million – thus far for developing an evaluation approach. The response also noted that OFPM should consider using an already-funded tracking system, but OFPM found that none of the existing systems met the needs for effectively evaluating the urban Promise Zones. OFPM said that it will "continue to work with PD&R to identify an appropriate evaluation approach and design for the Promise Zone initiative" and to secure funds for the needed electronic tracking system.

Regarding resources for the new Division, OFPM officials responded that due to the staffing limitations in this Division, they would supplement their resources by using the AmeriCorps Volunteers in Service to America members and the HUD regional data support analysts in data gathering and preliminary data analysis. OFPM officials also noted that their current Excel-based worksheet tracking template is problematic and that they will work with the HUD Office of the Chief Information Officer to discuss possible technical solutions to enable their staff to better track, monitor, and evaluate the Promise Zones and other place-based initiatives.

For management's complete response, which provides additional information on actions taken and planned, refer to appendix G.

Appendixes

Appendix A: The 22 Promise Zones

Round 1 (5) designated Jan. 9, 2014	Round 2 (8) designated Apr. 28, 2015	Round 3 (9) designated June 6, 2016
Los Angeles, CA*	Camden, NJ*	Atlanta, GA*
Philadelphia, PA*	Hartford, CT*	Evansville, IN*
San Antonio, TX*	Indianapolis, IN*	Nashville, TN*
Southeastern Kentucky**	Minneapolis, MN*	San Diego, CA*
Choctaw Nation of Oklahoma***	Sacramento, CA*	South Los Angeles, CA*
	St. Louis, MO*	Roosevelt Roads, PR**
	South Carolina Low Country**	Southwest Florida Regional Planning Commission**
	Pine Ridge Indian Reservation of the Oglala Sioux Tribe***	Spokane Tribe of Indians, WA***
		Turtle Mountain Band of Chippewa Indians, Rolette County, ND***
Legend: * urban ** rural *** tribal		

Appendix B: Department, Agency, and HUD Grant Programs Participating in the Promise Zone Initiative

A dozen Federal departments and agencies currently participate in the Promise Zone program, and the number of participating agencies and grant programs increased over the first 3 years of the Promise Zone initiative. HUD's participation and role have also increased over the 3 years.

Fiscal year	Departments-agencies	Programs	HUD programs
2014	10	35	3
2015	11	41	5
2016	12	58	11

Twelve Federal departments and agencies had fiscal year 2016 grant programs participating in the Promise Zone initiative.

Federal departments and agencies	Number of grant programs
U.S. Department of Agriculture	12
U.S. Department of Commerce	1
Corporation for National and Community Service	1
U.S. Department of Education	4
Environmental Protection Agency	1
U.S. Department of Health and Human Services	10
U.S. Department of Housing and Urban Development	11
U.S. Department of Justice	3
U.S. Department of Labor	8
National Endowment for the Arts	1
U.S. Small Business Administration	5
U.S. Department of the Treasury	1
Total	**58**

Four program offices in HUD had fiscal year 2016 grant programs participating in the Promise Zone initiative.

Program office	Number of grant programs
Community Planning and Development	1
Fair Housing and Equal Opportunity	3
Lead Hazard Control and Healthy Homes	2
Public and Indian Housing	5
Total	**11**

The 11 HUD grant programs are as follows:

Grant programs	Program office
Capacity Building for Community Development and Affordable Housing Grants	Community Planning and Development
Choice Neighborhoods Implementation Grant	Public and Indian Housing
Choice Neighborhoods Planning Grant	Public and Indian Housing
Community Development Block Grant for Indian Tribes and Alaska Native Villages	Public and Indian Housing
Fair Housing Initiatives Program - Education and Outreach Initiative	Fair Housing and Equal Opportunity
Fair Housing Initiatives Program - Fair Housing Organizations Initiative	Fair Housing and Equal Opportunity
Fair Housing Initiatives Program - Private Enforcement Initiative	Fair Housing and Equal Opportunity
Jobs Plus Pilot Program	Public and Indian Housing
Juvenile Reentry Assistance Program	Public and Indian Housing
Lead-Based Paint Hazard Control Grant Program	Lead Hazard Control and Healthy Homes
Lead Hazard Reduction Demonstration Grant Program	Lead Hazard Control and Healthy Homes

Appendix C: Implementation Approaches To Enhance Collaboration in Interagency Groups

Many of the results that the Federal Government seeks to achieve require the coordinated efforts of more than one Federal agency and often more than one sector and level of government.[9] Federal agencies have used a variety of mechanisms to implement interagency collaborative efforts, such as the President's appointing a coordinator, agencies colocating within one facility, or establishing interagency task forces. Although collaborative mechanisms differ in complexity and scope, they all benefit from certain key considerations, as shown in the following table.

Implementation approaches from select interagency groups[10]

Key considerations for implementing interagency collaborative mechanisms	Implementation approaches from select interagency groups
Outcomes • Have short-term and long-term outcomes been clearly defined?	• Started group with most directly affected participants and gradually broadened to others. • Conducted early outreach to participants and stakeholders to identify shared interests. • Held early in-person meetings to build relationships and trust. • Identified early wins for the group to accomplish. • Developed outcomes that represented the collective interests of participants. • Developed a plan to communicate outcomes and track progress. • Revisited outcomes and refreshed interagency group.
Accountability • Is there a way to track and monitor progress?	• Developed performance measures and tied them to shared outcomes. • Identified and shared relevant agency performance data. • Developed methods to report on the group's progress that are open and transparent. • Incorporated interagency group activities into individual performance expectations.
Leadership • Has a lead agency or individual been identified? • If leadership will be shared between one or more agencies, have roles and responsibilities been clearly identified and agreed upon?	• Designated group leaders exhibiting collaboration competencies. • Ensured participation from high-level leaders in regular, in-person group meetings and activities. • Rotated key tasks and responsibilities when leadership of the group was shared. • Established clear and inclusive procedures for leading the group during initial meetings. • Distributed leadership responsibility for group activities among participants.
Resources • How will the collaborative mechanism be funded? • How will the collaborative mechanism be staffed?	• Created an inventory of resources dedicated toward interagency outcomes. • Leveraged related agency resources toward the group's outcomes. • Pilot tested new collaborative ideas, programs, or policies before investing resources.

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[9] GAO-12-1022, Managing for Results: Key Considerations for Implementing Interagency Collaborative Mechanisms, September 2012

[10] GAO-14-220, Managing for Results: Implementation Approaches Used to Enhance Collaboration in Interagency Groups, February 2014

Other key considerations include

- Bridging organizational cultures:
    - What are the missions and organizational cultures of the participating agencies?
    - Have agencies agreed on common terminology and definitions?
- Clarity of roles and responsibilities:
    - Have participating agencies clarified roles and responsibilities?
- Participants:
    - Have all relevant participants been included?
    - Do they have the ability to commit resources for their agency?
- Written guidance and agreements:
    - If appropriate, have participating agencies documented their agreement regarding how they will be collaborating?
    - Have they developed ways to continually update and monitor these agreements?

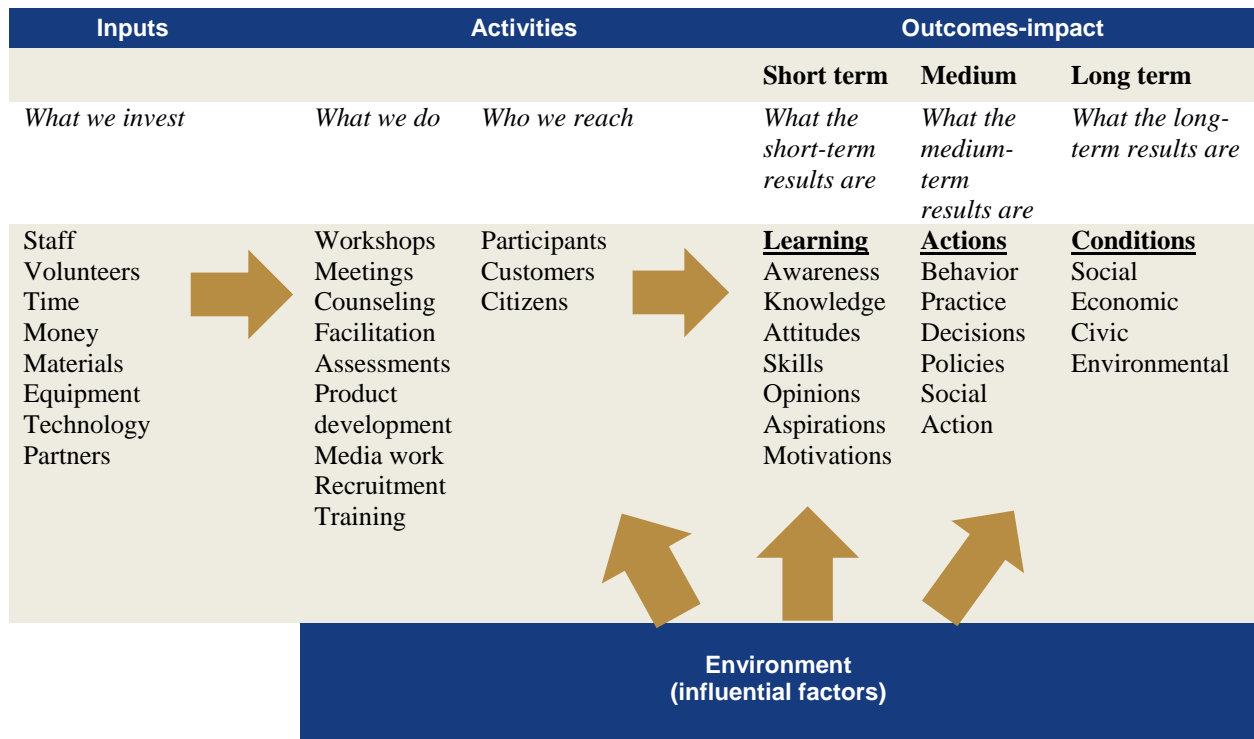## Appendix D: Designing Evaluations Framework[11]

Five Key Steps to an Evaluation Design

Evaluations are studies tailored to answer specific questions about how well (or whether) a program is working. To ensure that the resulting information and analyses meet decision makers' needs, it is useful to isolate the tasks and choices involved in putting together a good evaluation design.

Step 1: Clarify the Program's Goals and Strategy

Evaluators use program logic models—flow diagrams that describe a program's components and desired results—to explain the strategy by which the program is expected to achieve its goals. By specifying program expectations, a model can help evaluators define measures of the program's performance and progress toward its ultimate goals.

Sample program logic model

Inputs	Activities		Outcomes-impact		
			Short term	**Medium**	**Long term**
What we invest	*What we do*	*Who we reach*	*What the short-term results are*	*What the medium-term results are*	*What the long-term results are*
Staff Volunteers Time Money Materials Equipment Technology Partners	Workshops Meetings Counseling Facilitation Assessments Product development Media work Recruitment Training	Participants Customers Citizens	**Learning** Awareness Knowledge Attitudes Skills Opinions Aspirations Motivations	**Actions** Behavior Practice Decisions Policies Social Action	**Conditions** Social Economic Civic Environmental

Environment (influential factors)

Logic models describe the components by which the program is expected to achieve its goals. At a minimum, a program logic model should outline the program's inputs, activities or processes, outputs, and both short-term and long-term outcomes—that is, the ultimate social, environmental, or other benefits envisioned. Including short-term and intermediate outcomes helps identify precursors, which may be more readily measured than ultimate benefits, which

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[11] GAO-12-208G, Designing Evaluations, January 2012

may take years to achieve. It is also important to include any external factors believed to have an important influence on—either to hinder or facilitate—program inputs, operations, or achievement of intended results.

Step 2: Develop Relevant and Useful Evaluation Questions

Evaluation questions are constructed so that the issues and concerns of a program's stakeholders about program performance can be articulated and to focus the evaluation to help ensure that its findings are useful. These questions frame the scope of the assessment and drive the evaluation design—the selection of data to collect and comparisons to make.

Common evaluation questions asked at different stages of program development

Program stage	Common evaluation questions	Type of evaluation
Early stage of program or new initiative within a program	• Is the program being delivered as intended to the targeted recipients? • Have any feasibility or management problems emerged? • What progress has been made in implementing changes or new provisions?	Process monitoring or process evaluation
Mature, stable program with well-defined program model	• Are desired program outcomes obtained? • What, if any, unintended side effects did the program produce? • Do outcomes differ across program approaches, components, providers, or client subgroups?	Outcome monitoring or outcome evaluation
	• Are program resources being used efficiently? • Why is a program no longer obtaining the desired level of outcomes?	Process evaluation
	• Did the program cause the desired impact? • Is one approach more effective than another in obtaining the desired outcomes?	Net impact evaluation

Step 3: Select an Appropriate Evaluation Approach or Design for Each Evaluation Question

An evaluation design documents the activities best able to provide credible evidence on the evaluation questions within the time and resources available and the logical basis for drawing strong conclusions on those questions. A design matrix is a key framework for developing an evaluation approach, and it demonstrates the issues, design choices, and tradeoffs to consider. This guidance focuses on asking the evaluator to justify the design components for each researchable question and can help stakeholders understand the logic of the evaluation.

Design matrix questions guiding the selection of design components

Researchable question(s)	Information required and source(s)	Scope and methodology	Limitations	What this analysis will allow evaluators to say
What questions is the team trying to answer?	*What information does the team need to address each evaluation question? Where will the team get it?*	*How will the team answer each evaluation question?*	*What are the design's limitations, and how will they affect the product?*	*What are the expected results of the work?*
Identify specific questions that the team must ask to address the objectives in the commitment letter and job commitment report.

Ensure that each major evaluation question is specific, objective, neutral, measurable, and doable.

Ensure that key terms are defined.

Address each major evaluation question in a separate row. | Identify documents or types of information that the team must have. Identify plans to address internal controls and compliance.

Identify plans to collect documents that establish the "criteria" to be used.

Identify plans to follow up on known significant findings and open recommendations that the team found in obtaining background information.

Identify sources of the required information, such as databases, studies, subject-area experts, program officials, models, etc. | Describe strategies for collecting the required information or data, such as random sampling, case studies, focus groups, questionnaires, benchmarking to best practices, use of existing databases, etc.

Describe the planned scope of each strategy, including the timeframe, locations to visit, and sample sizes.

Describe the analytical techniques to be used, such as regression analysis, cost-benefit analysis, sensitivity analysis, modeling, descriptive analysis, content analysis, case study summaries, etc. | Cite any limitations as a result of the information required or the scope and methodology, such as

• Questionable data quality or reliability.
• Inability to access certain types of data or obtain data covering a certain timeframe.
• Security classification or confidentiality restrictions.
• Inability to generalize or extrapolate findings to the universe.

Address how these limitations will affect the product. | Describe what evaluators can likely say. Draw on preliminary results for illustrative purposes, if helpful.

Address the proposed answer to the evaluation question in column one. |

Step 4: Identify Data Sources and Collection Procedures To Obtain Relevant, Credible Information

Depending on the program and study question, potential sources for evidence on the evaluation question include program administrative records, grantee reports, performance monitoring data, surveys of program participants, and existing surveys of the national population or private or public facilities. The evaluator must assess whether these sources will provide evidence that is

both sufficient (enough to persuade a knowledgeable person that the findings are reasonable) and appropriate (relevant, valid, and reliable evidence to support the evaluation objectives).

Evaluative criteria are the standards, measures, or expectations against which measures of actual performance are compared and evaluated. Evaluators should select evaluative criteria that are relevant, appropriate, and sufficient to address the evaluation's objectives. It is also important to conduct a pretest or pilot study before beginning full-scale data collection. The pilot study gives the evaluator an opportunity to refine the design and test the availability, reliability, and appropriateness of proposed data.

Step 5: Develop Plans To Analyze the Data in Ways That Allow Valid Conclusions To Be Drawn From the Evaluation Questions

Implementation (or process) evaluations address questions about how and to what extent activities have been implemented as intended and whether they are targeted to appropriate populations or problems.

Common designs for implementation (process) evaluations

Evaluation question	Design
Is the program being implemented as intended?	• Compare program activities to statutes and regulations, program logic models, professional standards, or stakeholder expectations.
Have any feasibility or management problems emerged?	• Compare program performance to quality, cost, or efficiency expectations. • Assess the variation in quality or performance across settings, providers, or subgroups of recipients.
Why is the program not (or no longer) achieving expected outcomes?	• Analyze program and external factors correlated with variation in program outcomes. • Interview key informants about possible explanations. • Conduct indepth analysis of critical cases.

Outcome evaluations address questions about the extent to which the program achieved its results-oriented objectives. This form of evaluation focuses on examining outputs and outcomes but may also assess program processes to determine how those outcomes are produced. To appropriately assess program effectiveness, it is important to select outcome measures that clearly represent the nature of the expected program benefit, cover key aspects of desired performance, and are not unduly influenced by factors outside the program's control.

Common designs for outcome evaluations

Evaluation question	Design
Is the program achieving its desired outcomes or having other important side effects?	• Compare program performance to laws and regulations, program logic models, professional standards, or stakeholder expectations. • Assess changes in outcomes for participants before and after exposure to the program. • Assess differences in outcomes between program participants and nonparticipants.

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Do program outcomes differ across program components, providers, or recipients?	• Assess the variation in outcomes (or change in outcomes) across approaches, settings, providers, or subgroups of recipients.

Appendix E: Scope and Methodology

Our evaluation focused on the feasibility and effectiveness of OFPM plans for evaluating whether the HUD programs participating in the Promise Zone initiative contributed to the initiative's objectives. Our objectives were to

- Assess OFPM approaches and plans for overseeing urban Promise Zones, including the ability to identify accomplishments and (potentially) outcomes.
- Assess OFPM oversight of the 11 HUD grant programs participating in the Promise Zone initiative, including data collection efforts and reporting requirements.
- Assess the skills and resources needed for HUD officials to analyze and use data collected and reported and for Promise Zones and HUD grant programs to comply with Federal reporting requirements.

The Zelos team interviewed representatives from the HUD Offices of

- Field Policy and Management,
- Community Planning and Development,
- Public and Indian Housing,
- Fair Housing and Equal Opportunity,
- Lead Hazard Control and Healthy Homes, and
- Policy Development and Research.

The team also identified, reviewed, and analyzed information (guidance, reports, and criteria) relevant to data collection and program evaluation activities.

The team reviewed relevant reports by other agencies and organizations (for example, GAO and the Urban Institute) and interviewed members of organizations working on or evaluating activities relevant to Promise Zones, including OMB and USDA.

We performed the evaluation from September 2016 through March 2017 at HUD headquarters in Washington, DC. We performed work in accordance with the Council of the Inspectors General on Integrity and Efficiency's Quality Standards for Inspection and Evaluation, January 2012.

Appendix F: Summary of Recommendations

OIG report	No.	Recommendation	Status
2016-OE-0010	1	The Director of OFPM should complete all steps necessary for an effective evaluation effort.	
2016-OE-0010	2	The Director of OFPM should • Work with grant program offices to overcome reporting challenges. • Ensure that grant program offices report OMB-requested data. • Learn from and leverage results of participating grant programs.	
2016-OE-0010	3	The Director of OFPM should • Work with PD&R on an evaluation approach and design for the Promise Zone initiative. • Ensure that OFPM has the appropriate resources for its new Communications and Data Analysis Division.	

Appendix G: Agency Comments

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-0050

OFFICE OF FIELD POLICY
AND MANAGEMENT

MEMORANDUM TO: Brian T. Pattison, Assistant Inspector General for Evaluation, Office of
Inspector General, Office of Evaluation

FROM: Nelson R. Bregon, Associate Assistant Deputy Secretary
Office of Field Policy and Management, M

SUBJECT: Response to Findings and Recommendations in OIG, Office of Evaluation
Report Number 2016-OE-0010 Promise Regarding HUD's Evaluation of
Urban Promise Zones

        The U.S. Department of Housing and Urban Development's Office of Inspector General, Office of
Evaluation (OIG, OOE) issued a report entitled "Assessing HUD Plans for Evaluating Urban Promise
Zones and HUD Grant Programs Participating in Promise Zones". The report addressed the following
areas of concern: 1) HUD's plans to evaluate the progress made in the fourteen Urban Promise Zones and
2) the impact of HUD's grant programs in the Promise Zone communities.

        As of September 2014, the Assistant Deputy Secretary of HUD's Office of Field Policy and
Management (OFPM) assumed administrative authority for the Promise Zone initiative. Prior to that
time, HUD's Office of Community Planning and Development administered the initiative. At the time
that OFPM assumed responsibility for the initiative, the first two of three rounds of designees had been
selected and established. OFPM administered the Round Three competition, selections, and the execution
of the designation agreements with all designees.

        The following attachment provides the OFPM's responses to the findings and recommendations
regarding the evaluation of the Promise Zone initiative.

Attachment: OFPM Responses to the Office of the Inspector General – Office of Evaluation
Evaluation of the Promise Zone Initiative

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Attachment

Office of Field Policy and Management
Responses to the Office of the Inspector General – Office of Evaluation
Evaluation of the Promise Zone Initiative

The following are HUD's Office of Field Policy and Management's (OFPM) responses to the recommendations provided in the HUD OIG's Office of Evaluation's evaluation of the Promise Zone initiative.

HUD Has Developed Data Collection Requirements, but Does Not Yet have an Evaluation Plan.

Recommendations:

1.   **The Assistant Deputy Secretary of OFPM should complete all steps necessary for an effective evaluation effort.**

OFPM Response:

The Office of Field Policy and Management recognizes the importance of evaluation of the Urban Promise Zones and HUD's program offices' participation in the Promise Zones. This office also understands the importance of providing data useful and relevant to its Place-Based Initiatives. Using the five steps listed by the Government Accountability Office, OFPM addresses the following points.

Step 1: Clarify the Program's Goals and Strategy
As noted in the Draft IG report, OFPM worked with each Promise Zone to create designation agreements outlining community goals and reporting requirements. Currently, as per the Office of Policy Development and Research (PR&R), OFPM is interviewing the Urban Promise Zones to determine their national data capacity and ability to measure impact based on their identified goals.

Step 2: Develop Relevant and Useful Evaluation Questions
OFPM, in collaboration with the Place-Based Executive Committee, has prepared a Logic Model to better evaluate Place-Based initiatives, including Promise Zones. This Logic Model is the basis of a newly established Place-Based Operating Plan tracking template that is currently in its pilot stage. After the pilot is completed, this tracking template will be rolled-out nationwide and provide OFPM with data on all Place-Based initiatives, including Promise Zones.

Step 3: Select an Appropriate Evaluation Approach for Each Evaluation Question
The implementation of OFPM's new Place-Based Operating Plan tracking pilot and the finalization of the Promise Zone reporting tools will allow each Promise Zone to report to OFPM headquarters metrics that are self-identified. However, it should be noted that OFPM is working with PD&R to develop a formal evaluation approach to analyze multiple Promise Zones due to the difficulty of analyzing different geographical locations as each has a diversity of activities. Given that receiving funding for evaluation is challenging, OFPM is assessing how capable each Promise Zone can effectively analyze its own data.

Step 4: Identify Data Sources and Collection Procedures To Obtain Relevant, Credible, Verifiable Information

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Many of the OMB-approved Promise Zone reporting tools have recently completed the Paperwork Reduction Act process and are ready to be rolled-out.

Further, to identify data sources and collect relevant, credible, and verifiable information, OFPM has identified multiple Promise Zones Reporting tools and its Place-Based Operating Plan as a way to collect impact data. The Place-Based Operating Plan is designed to delineate and track "Community Partnerships" and other cross-programmatic community engagements, including Promise Zones. The projects selected by the field offices must be community-driven and tied to a departmental strategic goals with emphasis on outcomes.

A tracking template has been created to allow each Urban Promise Zone, as well as selected community partnerships, to set their own metrics and identified goals which can be used to later evaluate the Promise Zones. Specifically, the tracking template will allow each Promise Zone to identify its own community goals and target outcomes; identify HUD projects within the Promise Zone; aggregate HUD-enabled outcomes, for example: new funds received, improved use of funds, new partnerships, etc. Within a given Promise Zone; and set its own community-driven metrics with baseline data to track progress against identified goals. To test the effectiveness of the tracking process, OFPM recently rolled-out the Place-Based Operating Plan Pilot to Regions 2 & 5.

Another methodology to identify data sources and collection procedures is through qualitative analysis. This involves interviewing each Urban Promise Zone. Based on the outcomes of the interviews, OFPM can determine how capable each Promise Zones is to gather local data around topics such as crime and education and evaluate its own progress against self-identified goals.

<u>Step 5</u>: Develop Plans to Analyze the Data in Ways That Allow Valid Conclusions To Be Drawn From the Evaluation Questions

The Office of Policy Development and Research concluded that without a counterfactual, comparing the Promise Zone locations would be difficult. In addition, multiple factors could be affecting the Promise Zone other than the intervention itself. As a result, OFPM is working closely with PD&R in researching ways to identify, collect and analyze data that would allow for valid conclusions.

HUD Grant Programs Have Provided Little Data About Their Promise Zone Efforts.

<u>**Recommendations:**</u>

2.   **The Assistant Deputy Secretary of OFPM should:**

   •   **Work with grant program offices to overcome reporting challenges.**

<u>**OFPM Response:**</u>

Reporting, data analyses and the delivery of information can result in transformational impacts on an organization, particularly if implemented correctly. Through the Place Based-Executive Committee, OFPM coordinates with other HUD program offices to bring robust transparency and alignment through coordinating program offices around common goals and outcomes of Place-Based initiatives such as Promise Zones. In addition, OFPM is uniquely positioned to effectively assume roles and responsibilities

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that result in the coordination and collaboration of results realized in Promise Zone designation areas.

There is an effort to positively affect the capacity of grant program offices that have offered preference points in their Notices of Funding Availability (NOFA) for eligible applicants located in Promise Zones as it related to OMB reporting requirement. OFPM Headquarters is equipped with a corps of Desk Officers that provide full scale technical assistance to HUD Regional offices as their prescribed clients and customers. In addition, the, Desk Officers can be dispatched to serve as liaisons for HUD program offices and provide a myriad of supports to those offices as it relates to the administration of Promise Zone designation agreements.

As a part of its mission and vision, the Place-Based Engagement Division (PED) function is to ensure that HUD's "place-based" approach to housing and urban/community development is carried out effectively and efficiently. This mission is achieved by providing high quality "end-to-end" technical assistance to t HUD's Regional and Field offices as they conceptualize and operationalize place-based work. Furthermore, it provides strategic leadership, direction, oversight, and support to the Department's 10 Regional and 55 Field Offices nationwide on a wide variety of Place-Based initiatives, such as Promise Zones.

The Desk Officers address the needs of the leadership and staff of the HUD Regional and Field Offices, as well as develops or enhances collaboration among federal partners and community stakeholders and identifies available federal resources that will assist in addressing the needs of the communities and provides high quality technical assistance and customer service.

To that end, the Assistant Deputy Secretary of the OFPM may task OFPM staff to:

i. Coordinate participation and direct staff to co-host, as appropriate, in the monthly "Ask GMO" meetings. This should facilitate better coordination with the Office of Strategic Planning and Management's Grants Management Office (GMO) and program offices. HUD program offices are invited to attend these meetings recognizing that their participation may have a several-fold benefit, including, but not limited to: 1) increased buy-in from program offices, 2) increased transparency surrounding grant applications with a Promise Zone preference, and 3) tracking NOFAs with preference points in real-time.

ii. Ensure that HUD program offices are made aware of the objective of required reports. While the reporting requirements at issue regard the tracking of various types for investments within the Promise Zones, increased collaboration with HUD program offices may allow for improved data collection overall; resulting in achieving objectives in indicated in the designation agreement.

iii. Ensure that HUD program offices are made aware of OMB reporting requirements, including specifically the data and information that is required, time frames for milestones and report submission and provide periodic updates to program offices on any additional action items that may result from report submission to the greatest extent possible.

iv. Ensure that HUD program offices are provided with dedicated points of contact within the OFPM that will be available to provide any necessary technical assistance to the program on the completion and submission of required reports.

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- **Ensure that grant program offices report OMB-requested data.**

OFPM Response:

Program offices informed the OIG Office of Evaluation that they were not privy to OMB-requested data. At the "Ask GMO" meetings, offering reminders and answering process-questions will be key to ensuring that OFPM is adequately supporting the gathering of OMB-requested data.

As outlined in the Urban Promise Zone Designation Agreements OFPM recognizes that a collaborative commitment to tracking results will be an integral part to documenting the long-term effectiveness of the Promise Zones initiative and its role in impacting economic development and community development. OFPM is uniquely positioned to serve as a "connective tissue" between HUD program offices and other federal agencies and stakeholders as it performs as liaisons for these entities. In this capacity, the OFPM may advise and influence program offices in the timely submission of reporting requirements through various methods. Further, the OFPM can take the following steps to support program offices in reporting OMB-requested data. To that end, the Assistant Deputy Secretary of OFPM can task staff to:

    i.   Work with OMB to ensure that HUD is aware and trained on all relevant reporting requirements by serving as the conduit through which this type of reporting flows.

   ii.   Routinely coordinate with HUD's Office of Strategic Planning and Management to be updated on which programs (identifying program offices) offer "Preference Points" in any current NOFA.

  iii.   Ensure that its list of relevant points of contact for program offices are current and up-to-date.

  iv.   Work with program offices to ensure that they are apprised of reporting requirements, including deliverables, dates, etc.

Recommendations:

- **Learn from and leverage results of participating grant programs.**

OFPM Response:

In an effort to leverage results from grant programs participating in the Promise Zone initiative, the Assistant Deputy Secretary of OFPM may task staff to survey individual Promise Zones about the impact of tracked grant programs received and any concerns had in obtaining resources or utilizing funds as needed (flexibility, competing guidelines for various funding initiatives, etc.). This information can be shared with OFPM and program offices in order to obtain, learn from, and better leverage results of participating grant programs.

    i.   OFPM can compile data on the number of grant programs to which Promise Zones applied and the number received. This information may be used to gauge how knowledgeable the Promise Zone lead organizations are about the grant programs across the federal agencies portfolios. It could also inspire OFPM-facilitated Promise Zone Peer Exchange on successful applications for those grant competitions.

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ii.   OFPM can use the aforementioned survey data results to compile charts that measure effectiveness, subsequently sharing with program offices.

iii.   OFPM can develop a communications tool to share intra-agency success realized in the Promise Zones. OFPM can use its success to serve as a model to its partner federal agencies, thereby advocating and aiding in the creation of inter-agency Promise Zones grant program support across the federal government.

Meeting Reporting Responsibilities Will Be a Challenge for HUD and Promise Zones Due to Lack of Resources.

<u>Recommendations:</u>

3.   **The Assistant Deputy Secretary of FPM should:**

*   **Work with the Office of Policy Development and Research on an evaluations approach and design for the Promise Zone initiative.**

<u>OFPM Response:</u>

The Office of Policy Development and Research (PD&R) released a report in October 2015 entitled "Systems Evaluation for Place-Based Initiatives". The report noted several difficulties in evaluating the Promise Zones, including:

i.   Comparison areas would be impossible due to the geographically diverse nature of the Promise Zones.

ii.   There are multiple factors (and sometimes other HUD Initiatives) that could affect the outcome of a Promise Zone other than the Promise Zone intervention.

That Office had recommended several recommendations including:

i.   The use of (a now defunded) Operating Plan System, which was a system that allowed HUD to track data across the Promise Zones.

ii.   Developing synthetic comparison areas in order to assess the unique geographic nature of each Promise zone.

As a follow-up to the 2015 report, OFPM will continue to work with PD&R to identify an appropriate evaluation approach and design for the Promise Zone initiative. A recent meeting highlighted the same concerns `stated in the report. Due to the geographically numerous and diverse range of the 14 Urban Promise Zones, PD&R recommended the facilitation of an Implementation Assessment in order to evaluate how the Promise Zones tie their selected activities to achieving their desired outcomes. This methodology would focus on the enactment process rather than the overall outcome.

To design and implement an approach to meet the reporting responsibilities, it is estimated that the cost of evaluating the Promise Zones is $1.75 million. Over the past years, OFPM has tried to secure funds for an electronic tracking system, however, OFPM's leadership was informed that it had to identify and use a funded tracking system. After evaluating the Department's other electronic tracking

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systems, OFPM deemed that none of these systems met the needs for effectively evaluating the 14 Urban Promise Zones.

Given the challenges of securing funds for an electronic tracking system, PD&R and OFPM will continue to work together to clarify PD&R's recommendation.

- **Ensure that OFPM has the appropriate resources for its new Evaluation Division.**

OFPM Response:

The Communications and Data Analysis Division was established in January 2017. The Data Analysis section is responsible for improving the Field and Regional Offices' capacity to track, measure and evaluate their outcomes. In particular, the Data Analysis team continues to develop and implement methodology to improve the monitoring and evaluation of HUD's Place-Based Initiatives, including Promise Zones. The Data Analysis team also houses the Community Assessment Reporting Tool (CART), which tracks Department-wide investments geospatially among HUD's 10 Regions.

Further, as the Promise Zone Designation Agreements stipulate that the Promise Zones are to collect data on metrics that are aligned to the goals of the Promise Zone Initiative, this section also analyzes that information. Entitled "Group A Data", the division's data analysts track and evaluate the Promise Zones' community assets and stressors, employment and asset building, investment in business growth, housing, health, and community structures. The outcome of the data should indicate how the Promise Zones are creating jobs, increasing economic activity, improving educational opportunities, and reducing severe and violent crime.

Given that there are only two Data Analysts in this division, OFPM plans to engage the AmeriCorps VISTA members and the Regional Data Support Analysts in data gathering and facilitating preliminary data analysis.

Although the additional human resources will help with data gathering and analysis, the use of an Excel-Worksheet Tracking Template is an impediment. As noted in PD&R's above mentioned report, the use of an electronic tracking system is a strong asset in helping HUD track Promise Zone progress. Since the PD&R report was released in 2015, not only has the Operating Plan System been defunded, but there is minimal funding to perform evaluations. As PD&R stated, the cost of performing an evaluation across all 14 Urban Promise Zones would cost $1.75 million.

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Moving forward, OFPM will coordinate with OCIO to discuss possible technical solutions that OFPM can implement to better track, monitor and evaluate the work in the Promise Zones and other Place-Based initiatives. Once possible technical solutions have been identified along with procurement costs, OFPM Field Operations will provide leadership with three recommendations (high/medium/low cost) laying out the advantages and disadvantages of each recommendation. In the absence of funding, OFPM will need to rely on Excel, PowerBI and other no-cost solutions until funds become available to better evaluate the Promise Zone initiative.

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The Office of Inspector General is an independent and objective oversight agency within the U.S. Department of Housing and Urban Development. We conduct and supervise audits, evaluations, and investigations relating to the Department's programs and operations. Our mission is to promote economy, efficiency, and effectiveness in these programs while preventing and detecting fraud, abuse, and mismanagement.

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Inspector General Hotline (GFI)
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U.S. DEPARTMENT OF
HOUSING AND URBAN
DEVELOPMENT
OFFICE OF EVALUATION
Program Evaluations Division