

CENTRAL VALLEY CDC

Columbia, Washington

PROMPT™ Capacity Building Assessment Report

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NeighborWorks® America
Organizational Assessment Services

TABLE OF CONTENTS

Executive Summary _____	3
Planning _____	5
Resource Management & Development _____	6
Organizational Management & Oversight _____	8
Financial Management _____	10
Contract Management _____	12
Personnel Management _____	14
Production/Program Services _____	15
Technical Operating Systems _____	18

Appendices

APPENDIX A SOURCES OF INFORMATION

APPENDIX B STAFF, BOARD AND EXTERNAL SURVEY EXERPTS

APPENDIX C TOOLS AND TEMPLATES EXAMPLES

NeighborWorks® America is a public, not-for-profit entity created in 1978 that provides technical assistance, training, and financial support to a national network of approximately 240 independent, community development and housing services organizations. NeighborWorks® America creates opportunities for people to live in affordable homes, improve their lives, and strengthen their communities.

PROMPT™ is the system that NeighborWorks® America employs to review, analyze, and report periodically on the capacity and overall health of its network member organizations. Now NeighborWorks® America offers this evaluation tool more broadly to other organizations engaged in affordable housing and community development. The PROMPT™ assessment process involves thoroughly analyzing the key elements of an organization including: planning; resource management and development; organizational management and oversight; financial, contract, and personnel management; production/program services; and technical operating systems.

EXECUTIVE SUMMARY

In late 2009, the State Housing Agency of Washington (SHAW) contracted with NeighborWorks® America to assess the capacity of Central Valley CDC and three other nonprofit organizations focused on housing development. The purpose of this process is to assist the CDC in identifying its strengths, challenges, and opportunities for improvement to enhance its ability to achieve the most productive impact in its service area.

Central Valley CDC is based in Columbia, with a satellite office in North Fork. Its four-county service area consists of 25 separate communities. Through effective staff coordination, strong community support, and dedicated board leadership, the CDC has earned a reputation for achievement and performance. During the last decade, the organization has been aggressive in accessing programmatic resources and implementing a variety of housing initiatives to meet the needs of its service area. The CDC utilizes these programs to successfully preserve and expand homeownership and create affordable rental opportunities.

Central Valley CDC's opportunities and challenges are likely to increase if it reaches further into rural and underserved locations in its service area as planned. The organization will be better prepared and positioned to maintain its strong impact if it strengthens its internal systems, as outlined in this report. At the same time, the resource environment is growing more difficult, necessitating greater focus on diversifying funding sources to sustain operations.

The following prioritized recommendations emerged during the course of the assessment process. These recommendations are described in more detail, along with other observations, within the report:

- Develop and implement a five-year Business Plan to help the CDC achieve greater sustainability by preparing for staff and board succession and transition, responding to potential changes in funding sources by exploring new sources of revenue, and increasing outreach into outlying sections of its service area;
- Continue to strengthen and adapt systems for financial, accounting, risk management, contract, and personnel management to remain compliant with audit requirements and state and federal mandates;
- Identify and update technical tools and systems that track and report organizational activity and progress, including (a) grant awards and obligations, (b) production and pipeline status, (c) clients served; (d) impacts and outcomes achieved; and (e) financial projections;
- Implement an online presence through a website that promotes visibility for the CDC's programs and achievements while providing outreach and disseminating information to current and prospective customers;
- Strengthen organizational effectiveness and efficiency by building the capacity of staff through enhanced staff training;
- Formulate and implement work plans for personnel that correspond with annual goals, objectives, and business strategies;

- Strengthen existing partnerships and increase value-added, productive relationships throughout the service area, state-wide, and nationally.

This report describes observations developed through off-site document review, stakeholders' surveys, and on-site discussions and meetings with members of the staff and Board, key partners, and customers. Within the context of the PROMPT™ system, observations are arranged as to “Current Capacity & Strengths” of the CDC's operations and programs followed by “Improvement Opportunities & Recommendations.”

This report was made possible through the cooperation and assistance of the Central Valley CDC Board, Executive Director, and staff; the SHAW Housing Development Specialist; and key partners and stakeholders. Appendix A provides a list of stakeholders interviewed and documents reviewed in the preparation of this report.

PLANNING

The **PLANNING** performance objectives encourage the organization to establish an annual planning process that involves its board members, staff, and community stakeholders and results in the adoption of a clearly defined mission and measurable goals. The planning process also should identify the organization's primary services & activities, its service delivery strategies and timetables, clarification of staff, dollar, and partnership resource needs, and the development of board policies and priorities that direct the organization's efforts. The organization is further encouraged to evaluate its success periodically (at least quarterly) by establishing specific performance measures that most often are described in an annual business or operating plan, as well as developing community or customer impact goals that also may be described in a longer term, multi-year strategic plan. A lack of cyclical planning and monitoring of progress against clear goals and outcomes can waste the organization's resources and delay or prevent achievement of its mission.

General Observations

Central Valley CDC originated as the River County CDC in 1992 and as titled, served only River County in its early years of operation. In 2000, the State Housing Agency of Washington (SHAW) asked the North Fork Area Housing Corporation merge into the River County entity, expanding its service area to four counties. Subsequently, the organization changed its name to Central Valley CDC. The CDC's main Corporate Office is located in Columbia with a program branch office in North Fork. The service area covers River, North Fork, Baker, and Deming Counties.

As a Washington Development Agency (WDA) Outreach Partner in earlier years and a consistent recipient of SHAW funding for more than a decade, the CDC has distinguished itself as a capable producer of an array of housing programs. Central Valley CDC and its stakeholders indicate that further outreach into the underserved sections of the five-county region is its next, logical step in its program development.

CDC management indicated that future plans to benefit the service area may include (a) an education program for tenants (*i.e.*, *RentEd*); (b) hiring a housing inspector; (c) continued efforts in funding diversification; and (d) increased grant acquisition to provide owner-occupied rehab programming in outlying areas of its five-county region.

Central Valley CDC management and stakeholders alike acknowledge the need to prepare for eventual transition and succession of its key leadership at both the board and staff levels. They are aware of the need to formulate contingency plans to sustain financial and operational health. Furthermore, CDC leadership anticipates conducting additional outreach activities into underserved sections of its service area.

Current Capacity & Strengths in Planning

- ❖ Central Valley CDC board and staff members demonstrate strong capability for executing a business planning process as evidenced by their in-depth knowledge and experience in housing, banking, local government throughout the service area.
- ❖ The CDC's programs and services are primarily guided by and predicated on the funding sources available through SHAW on an annual or and multi-year basis.

- ❖ The CDC currently determines its service area's needs through review of existing or available housing or feasibility studies, focused communication with partners and stakeholders, and requests for service from constituents.
- ❖ The CDC participates in partnerships with entities such as the Columbia Community Redevelopment Authority (CCRA), the City of North Fork, Columbia Habitat for Humanity, and Lopez Development Corporation to expand and leverage its resources and opportunities.

Improvement Opportunities & Recommendations in Planning

- The CDC should engage in a five-year Business Planning process that will enable it to effectively address the relevant timelines, systems, and resources essential to sustaining its financial and organizational health:

A business planning process will enable The CDC to maintain its precedent of high performance and prepare for the future. It should:

- (a) identify and prioritize both longer-term “big picture” and annual goals;
- (b) incorporate staff capacity building needs and work plans to sustain its programs and operations;
- (c) define the longer-term financial requirements, risks, and benefits of its lines of business and housing development programs;
- (d) provide a “roadmap” for expansion into underserved areas;
- (e) provide contingency plans to offset potential funding cuts;
- (f) build on measurable objectives already in place;
- (g) enable organizational change and adaptation as needed.

RESOURCE MANAGEMENT AND DEVELOPMENT

The **RESOURCE MANAGEMENT & DEVELOPMENT** performance objectives are to ensure that the organization has adequate operating and capital resources to support current and future organizational needs. The organization is encouraged to establish adequate reporting (budgets-to-actual and cash flow projection-to-actual comparison reports) to monitor its financial health and the success of its resource development efforts (annual and multi-year trends). The organization has an active financial oversight process in place to ensure that adjustments are made to the budget and resource development plans as needed. Unrealistic fundraising projections, poor strategies, and a lack of effective monitoring can lead to funding deficits, cash flow problems, and reductions in staff and services to achieve the mission.

General Observations

Central Valley CDC has demonstrated its ability to access sufficient operating and capital resources that support current program needs. It has built an unrestricted reserve that compares well with community development corporation industry standards.

CDC leadership reports that it has compiled financial reports in-house since its inception. The organization currently utilizes QuickBooks Pro for its bookkeeping on an income tax basis, or cash basis method of accounting. CDC staff prepares annual Administrative/ Operating and Program Budgets and submits them for review and approval by the Board, according to

minutes and meeting records. Meeting records also indicate that the CDC Board currently receives a full ledger of revenues and expenditures on a quarterly basis.

The CDC has engaged the firm of Jackson, Culver, & Pitts, PC to compile semi-annual financial statements for management and board review, in addition to annual audits. The table below compares three years of the CDC's year-end statements, with information provided as noted:

Table 1: CDC Statement of Assets, Liabilities and Net Assets – Income Tax Basis			
	2007	2008	2009 UNAUDITED*
Current Assets			
Cash & Cash Equivalents	400,755	375,411	333,250
Prepaid Construction Expenses	5,220	3,999	
Inventory	600,228	801,444	700,524
TOTAL CURRENT ASSETS	1,006,203	1,180,854	1,033,774
Other Assets			
Net Property and Equipment	20,190	16,080	8,254
Notes receivable: DPA, OOR, & Baker Woods	1,200,188	1,650,303	1,880,610
Investment: Baker Woods	42,552	45,375	48,225
Total Other Assets	1,262,930	1,711,758	1,937,089
TOTAL ASSETS	2,269,133	2,892,612	2,970,863
Current Liabilities			
Payables: Accounts, Interest, Payroll Taxes	10,085	8,230	4,275
New Construction Escrow Acct	500	455	
Current portion of notes payable	478,223	560,151	
Total Current Liabilities	488,808	568,836	4,275
Long Term Liabilities:			
Notes Payable	37,787		295,715
TOTAL LIABILITIES	526,595	568,863	299,990
Net Assets			
Net assets temporarily restricted	1,248,770	1,601,395	
Net assets, unrestricted	493,768	652,806	**
Net Income			(32,428.)**
TOTAL NET ASSETS	1,745,579	2,239,806	2,703,301
Total Liabilities & Net Assets	2,269,133	2,892,612	2,970,863

Source: Independent Audit Report FY2007.-2008, Central Valley CDC Year End Financials, Unaudited 2009*

** Subject to Audit Reconciliation and applied to Retained Earnings

Central Valley CDC acknowledges the anticipated decrease in the State Housing Trust Fund as a major funding source and the potential that other WDA's governmental pass-through grants may diminish in the near future. The organization is exploring additional ways to sustain operations without depleting its cash reserves.

Current Capacity & Strengths in Resource Management & Development

- ❖ The CDC receives nearly 100% of its funding from government housing sources, most of which are projected to be reduced in 2010.
- ❖ The CDC has been awarded nearly \$2.5 million in grant funds from government sources for program extending from 2009-2012.

- ❖ The CDC has built financial reserves that meet organizational health standards.
- ❖ The CDC's leadership acknowledges that it depends solely upon administrative allocations and program funding available from its government contracts to support the staff and operational costs essential to its lines of business.
- ❖ The CDC engages in one annual fundraising process to support its HBE program, the receipts of which are matched by WDA funding that is granted through the Statewide CDC Association. The CDC currently is seeking competitive funding through the State Housing Trust Fund and other sources in order to sustain current programming levels and support outreach services in underserved areas in lieu of tapping into reserves.

Improvement Opportunities & Recommendations in Resource Management & Development

- As part of a long-term business planning process, the CDC would significantly benefit from the following actions:
 - Project the organization's administrative, operational, and program funding requirements for at least five years;
 - Explore adding mission consistent lines of business to generate revenue;
 - Establish a task force comprised of board members, stakeholders, partners, and other key leaders that will assist in reaching out to private funding sources to prepare for potential decrease of governmental funding opportunities;
 - Explore regional and state-wide collaborations that will help the CDC learn about and potentially access national funding sources.

ORGANIZATIONAL MANAGEMENT AND OVERSIGHT
<p>The ORGANIZATIONAL MANAGEMENT & OVERSIGHT performance objectives are meant to ensure that the organization has established and documented a governance model and structure that has clearly defined roles, authority, membership, meeting, and reporting guidelines for its Board, committees, executive staffing, and related partnerships. The organization has established and implemented policies, procedures, and practices consistent with its governance model and periodically evaluates its effectiveness in ensuring timely and appropriate decisions to sustain its health and performance. The organization is encouraged to provide an annual evaluation of its paid executive staff and to conduct a periodic assessment of the Board and committees' roles, performance, membership, training, and capacity to direct, oversee, and support the organization's mission & goals. The organization also is encouraged to implement a volunteer recruitment and leadership development program to maximize the involvement of community partners and customer-based representatives. Insufficient organizational development, management, and oversight can create unnecessary liabilities and may prevent achievement of goals.</p>

General Observations

Central Valley CDC's Articles of Incorporation and By-Laws indicate that the business and affairs of the corporation "shall be managed by a Board of Directors consisting of a nine to

eleven directors.” In keeping with its By-Laws, the Central Valley CDC Board currently has nine members. The CDC’s governance structure includes a chairperson, vice-president, and secretary/treasurer.

Central Valley CDC’s By-Laws state that board members are elected to two year terms with no limit as to the number of terms served. Many board members indicate that they have cycled back into membership throughout the years due to their strong interest in the organization’s mission to assist low- and moderate-income families and individuals in securing and maintaining decent, affordable housing.

SHAW designated Central Valley CDC as a Community Housing Development Organization (CHDO) in 1993, adding requirements for board membership based on income levels and client representation. SHAW indicates that statewide CHDO compliance regarding board membership will be closely reviewed during 2010. The CDC reports that it adheres to these requirements.

Central Valley CDC’s executive director reports that the organization recruits potential members for its board of directors through advertising in local news media and “word of mouth.” The executive director conducts initial interviews over the phone with potential candidates and reports results to the Board. The president then appoints a Nominations Committee that conducts personal interviews and makes recommendations for new membership to the Board.

The executive director generally conducts board training for new members on a one-on-one basis. The CDC participated in a strategic planning session facilitated by the City of Columbia Planning Director in 2007. The Board participated in retreats and training sessions in past years as an Outreach Partner through WDA, but has not had external board training since 2006. Staff provides board training at its annual meetings, which include topics specific to the CDC operations, such as financial tracking, systems, and funding projections.

During the February board meeting attended by the NeighborWorks’ consultant, the Board President suggested the addition of a “dashboard” document that will show clients served and other program aspects “at-a-glance.”

Central Valley CDC leadership is comprised of long-term volunteers and stakeholders, currently including at least one founder of the original River County CDC. In addition, the CDC’s executive director has been with the organization for more than ten years. Whether anticipated or not, it is important that the CDC prepare itself for succession at both board and staff levels of leadership in order to effectively sustain its much needed services and programs.

Current Capacity & Strengths in Organizational Management

- ❖ The minutes of Board meetings and reports demonstrate that the Board consistently reviews and guides the business of grant applications, contracts, budgets, income, and expenses. The Board receives the full ledger of income and expenditures on a quarterly basis.
- ❖ CDC Board members demonstrate in-depth knowledge and experience in local government and integral entities throughout the service area.
- ❖ CDC’s Board member recruitment and training process is primarily conducted by its executive director.

- ❖ The CDC Board Executive Committee negotiates the executive director’s salary and contract on an annual basis.
- ❖ The CDC has Directors and Officers Insurance as well as other forms of liability coverage and conducts a review of its policies once per year

Improvement Opportunities & Recommendations in Organizational Management

- It is recommended that Central Valley CDC develop a succession plan for its key leadership at both the board and staff levels. *Tools related to organizational succession and transition have been provided to the CDC as referenced in Appendix C of this report.*
- The CDC would benefit from development and implementation of a “mentoring” program that would base responsibility for new board member recruitment, training, and retention on its Nominations Committee. *Tools related to Board Membership Recruitment and Mentoring have been provided to THE CDC as referenced in Appendix C of this report.*
- The CDC would benefit from an expanded evaluation process for its executive director position. *Tools related to senior level evaluation and recognition have been provided to The CDC as referenced in Appendix C of this report.*

FINANCIAL MANAGEMENT
<p>The FINANCIAL MANAGEMENT performance objectives are to ensure that the organization maintains an accounting system, reporting practices, and audit procedures that reflect the complexity of its operations and provide adequate financial information to meet organizational and funding requirements. The accounting structure, staffing, procedures, and practices ensure accurate, timely, and reliable records while maintaining reasonable internal controls. The organization produces and reviews financial reports on a monthly basis to ensure that sufficient information is available to sustain operations, meet budget & funding commitments, and/or identify any potential risks or deterioration of the organization’s financial health. Inadequate accounting and reporting practices can cause resources to be misused and jeopardize the organization’s current and future funding.</p>

General Observations

The Central Valley CDC Board receives financial statements in its monthly board meeting packet and the full bookkeeping ledger on a quarterly basis. The Board approves the staff members’ monthly reimbursement requests for expenses and the organization’s operational “draws” at each meeting. The Board was presented with and approved its 2010 Budget at the February 2010 meeting.

The CDC has engaged Jackson, Culver, & Pitts, PC, (JCP) for its annual audits for two cycles in three-year increments, a total of six years. JCP also prepared an (unaudited) Accountants’ Compilation Report-Statement of Assets, Liabilities, and Net Assets-Income Tax Basis of the CDC as of June 30, 2009 and 2008, for the purpose of informing the Board of the organization’s financial position mid-year.

JCP's Audit report (years ending December 31, 2007 and 2008) acknowledges that "Central Valley CDC prepares its financial statements on the income tax basis; a comprehensive basis of accounting other than U.S. generally accepted accounting principles" (GAAP). JCP's Independent Auditors' Report letter dated May 2, 2009 concludes that the CDC's financial statements for this period conform to the income tax basis of accounting. An additional letter from JCP dated May 2, 2009 relating to its Independent Audit of governmental activities indicate that any misstatements detected as a result of audit procedures were corrected by the CDC's management, with no further issues noted.

SHAW requires a notification of annual audit statement documenting Federal funds expended. The CDC's recent Neighborhood Stabilization Program (NSP) grant most likely will create the need for an audit in accordance with the Single Audit Act, OMB Circular A-133, and Generally Accepted Government Auditing Standards due to the receipt of grant funds in excess of \$500,000 during one fiscal year.

Current Capacity & Strengths in Financial Management

- ❖ Central Valley CDC's board meeting minutes indicate that members receive the organization's financial reports, contracts, and legal documents related to fiscal accountability and compliance at monthly meetings.
- ❖ The CDC Board members' collective expertise includes strong, professional background in banking and business.
- ❖ The CDC uses the income tax basis of accounting, also known as the cash basis of accounting, with QuickBooks Pro.
- ❖ The CDC has added components to its QuickBooks program to track cost centers and contracts.
- ❖ The CDC engages an independent accounting firm to conduct its audit and semi-annual compilation of financial statements.
- ❖ The CDC has developed a Procurement Policy and engages in financial practice evaluations and analyses during its audit process each year.

Improvement Opportunities & Recommendations in Financial Management

- It is recommended that Central Valley CDC complete the assembly of a comprehensive finance and accounting manual. *Sections to include are: Business Conduct; Fraud Policy; Cash Management; Investment Policy; Annual Audit; Cost Allocation, Contributions/Grants; Payroll/Benefits; Budgeting; Procurement; Fixed Assets; Equipment; and File Retention. An example has been provided to the CDC and referenced in Appendix C of this report.*

CONTRACT MANAGEMENT

The **CONTRACT MANAGEMENT** performance objectives are to ensure that the organization has monitoring, documentation, reporting, and decision-making practices to comply with contractual agreements. They further encourage the establishment of a system to stay informed of applicable laws, regulations, and contract requirements to minimize future liabilities and to avoid making contractual commitments that are beyond the organization's capacity. Failure to meet contract requirements can lead to loss of resources and legal problems.

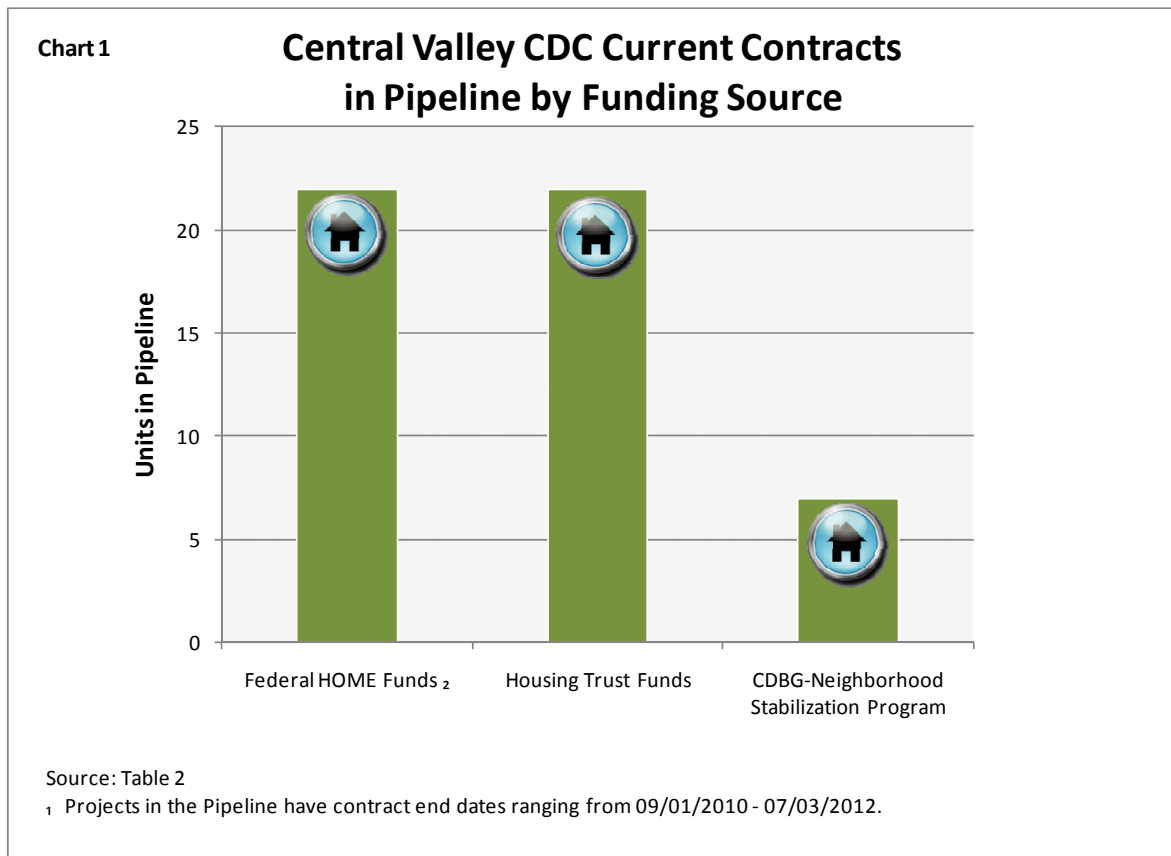
General Observations

Since its inception, Central Valley CDC has maintained productive working relationships with funders, initially receiving capacity building support as an early Outreach Partner with SHAW. In recent years, The CDC has worked primarily with SHAW for its program funds and WDA for LIHTC opportunities. WDA supports the CDC by providing match funding for its HBE program through the Statewide CDC Association.

Table 2, on the following page shows the CDC's recent and current contractual obligations, with a graph illustrating its robust pipeline of activity that extends into 2012:

Table 2: Central Valley CDC Current Contracts					
GRANT #	PROGRAM	FUNDING SOURCE	GRANT AWARD	# OF UNITS	CONTRACT END DATE
06-HTF-200	Purchase, Rehab, Resale	Housing Trust Fund	\$290,000	4	August 1, 2010
07-HTF-301	New Construction	Housing Trust Fund	\$285,000	4	August 31, 2010
08-HTF-425	Down Payment Assistance with Minor Rehab	Housing Trust Fund	\$475,250	12	August 31, 2010
093W30	Purchase, Rehab, Resale	CDBG-Neighborhood Stabilization Program	\$1,100,000	16	July 1, 2011
09-CHHP-5032	Purchase, Rehab, Resale	Federal HOME Funds	\$150,000	3	December 15, 2011
09-OEHO-2220	Owner Occupied Rehab	Federal HOME Funds	\$450,000	20	December 15, 2011
08-OERH-1450	Rent to Own	Federal HOME Funds	\$601,996 \$996,000	15	June 3, 2012

Source: Central Valley CDC



Current Capacity & Strengths in Contract Management

- ❖ Central Valley CDC continues to successfully acquire contracts from and meet the compliance requirements of SHAW and its other funding sources.
- ❖ The CDC's Board of Directors approves all legal commitments and obligations, including its contracts, as evidenced by minutes and meeting reports.
- ❖ The CDC's client files and grant-related financial reports are subject to annual audit and review by SHAW, as a contract requirement.
- ❖ The CDC's administrative and operating funding is primarily garnered through SHAW contract awards and LIHTC opportunities through WDA.
- ❖ The CDC has developed a grant and contract tracking system as a component of its financial management.

Improvement Opportunities & Recommendations in Contract Management

- The CDC would benefit from the implementation of a *combined* contract, grant, inventory, production, clients served and status tracking system ("dashboard") for more effective reporting, compliance, and tracking. An *example of a dashboard matrix has been attached in Appendix C of this report.*

PERSONNEL MANAGEMENT

The **PERSONNEL MANAGEMENT** performance objectives are to ensure that the organization has a staffing structure and staff that are clearly defined and adequate to fulfill organizational, programmatic, and financial responsibilities. Personnel and administrative policies and procedures are documented and practiced including annual staff evaluations. Staff and volunteer recruitment and training promote maximizing skills to support the strategic and business plan goals, while also encouraging coordination and collaborations. Staff management works in partnership with the Board of Directors, and has commitment, a unified vision, and the ability to make decisions that affect the organization. Inadequate staffing and personnel practices can cause staff turnover, ineffective performance, and failure to meet goals.

General Observations

Central Valley CDC has a small staff currently comprised of only two full-time management positions, the executive director and the deputy director. The organization also employs two part-time staff members and a full-time, two-person construction crew the CDC accomplishes its large workload because management staff members assume two or more roles within the organization.

According to information gathered in surveys and discussions during the assessment process, stakeholders acknowledge that additional staff will be needed as the organization expands programs into more rural and underserved sections of its five-county service area. CDC management acknowledged that additional cross-training and staff development activities would be beneficial to prepare for program expansion activities.

The responsibilities of both the executive director and deputy director within THE CDC's operational structure extend beyond what is considered "standard" for these roles due to each of their unique skill sets. For example, the CDC's deputy director is a licensed Lead Based Paint Hazard Reduction Inspector, Risk Assessor, and Clearance Tester who also performs construction supervision, bookkeeping, and financial and contract management. The executive director's skill set also includes construction management and grantwriting.

Central Valley CDC's management acknowledges that regularly scheduled, face-to-face meetings and open communication are important to achieve organizational goals and ensure that expectations of staff members and management are met. At the time of the on-site visit, the executive director indicated the intent to schedule not only a joint meeting of the staff to discuss the status and timeline for impending projects, but also individual meetings with employees, most notably the construction crew, to discuss future plans.

Current Capacity & Strengths in Personnel Management

- ❖ Sound personnel policies and procedures are essential for clarity and fairness with employees and protection of an organization. THE CDC recently revised its Personnel Policies and Procedures which the Board of Directors approved in December, 2009. The executive director reported that an attorney reviewed these policies for THE CDC.
- ❖ The CDC Board meets with the executive director on an annual basis to discuss the position's salary and contract expectations.

- ❖ CDC management conducts evaluations for its employees upon the completion of an Introductory Period.
- ❖ The CDC provides health insurance reimbursement to its employees at a rate of \$300 per month.
- ❖ The CDC provides a retirement program for employees who have been employed for one year and have earned \$5,000. Employees' contributions are matched up to 3% and participants are fully vested upon enrollment.
- ❖ At the time of the on-site visit, The CDC's construction crew was sub-contracted to the Columbia Community Redevelopment Authority to assist with a special project. CDC management indicates that the crew may begin work on its new housing project in North Fork in the late spring of 2010, the timing of which is contingent upon the associated grant source's release of funds and program implementation.

Improvement Opportunities & Recommendations in Personnel Management

- Central Valley CDC would benefit from enlisting a HR consultant to review its Personnel Policies to ensure compliance with all laws and requirements.
- The CDC should schedule regular staff meetings that include discussion of pipeline projects, program activities, projects' status, and staff progress reports.
- The CDC should develop an incentive-based work plan and evaluation process for each staff member that coincides with annual goals and objectives and a longer-term business plan. *An example has been provided to the CDC and referenced in Appendix C of this report.*

PRODUCTION/PROGRAM SERVICES

The **PRODUCTION/PROGRAM SERVICES** performance objectives are to ensure that the organization has selected and implemented services that meet all funding source requirements for type, eligibility, quantity, and quality. They encourage the establishment and implementation of production goals and performance measures that are consistent with the organization's mission and capacity and can demonstrate a value added to the organization and its service area. They further encourage an on-going process for measuring programmatic success, service delivery efficiency, and the impact of its services. Activities and services that do not meet funding expectations or are beyond the organization's capacity can lead to wasted resources and lost support.

General Observations

With support provided through SHAW and WDA and key partnerships with entities such as the City of North Fork and Columbia CRA, the CDC has leveraged the housing resources and opportunities available in its service area to achieve the maximum impact:

Table 3: Description/Examples of Central Valley CDC Housing Development Services and Programs				
Owner Occupied Rehab (OOR)	Purchase Rehabilitation Resale (PRR)	Homebuyer Education (HBE)	Homeownership Down Payment Assistance (DPA)	Lease to Own LIHTC
Service Area: River North Fork Baker Deming Counties Special Assistance for Disaster Repair	Service Area: River North Fork Baker Deming Counties Leveraged by Neighborhood Stabilization Program In some areas	Unlimited Service Area CDC Curriculum	Neighborhood Stabilization Program North Fork/Columbia Workforce Housing Peterson Engineering- Wilson Farms North Fork Public Schools River-North Fork-Baker-Deming Employer Assisted/PRR St. Joseph Medical Center North Fork New Construction Evergreen Baker Woods-Columbia The Rapids-North Fork	Baker Woods LIHTC The Rapids LIHTC

Source: Central Valley CDC Annual Summaries of Accomplishment; Budgets, Grants, Contracts, Other Documentation

Central Valley CDC’s selection of seasoned partners in real estate development has proven to be highly effective in leveraging its housing opportunities. For example, the CDC collaborated with Columbia Habitat for Humanity and Central Valley Community College in its Baker Woods homeownership project in Columbia to meet the needs of lower-income buyers as well as provide unique “hands on” experiences for students enrolled in a construction class.

The CDC’s partnership with Lopez Development Corporation has led to the upcoming development of The Rapids in North Fork, which will consist of 11 new three-bedroom and two new four-bedroom single family rent-to-own homes. Other partners in the Ridgewood project include the City of North Fork, Affordable Housing, LLC, and Washington Fund, L.P., a subsidiary of Mountain West Housing Equity Group, Inc.

During the last decade, the CDC has balanced its housing services and development opportunities with the transactional revenue needed to sustain its staff and programs. However, CDC leadership acknowledges that decreases in funding opportunities will affect this balance going forward. Thus, the CDC knows it must incorporate this paradigm change into its overall business and contingency planning for the immediate and long-term future.

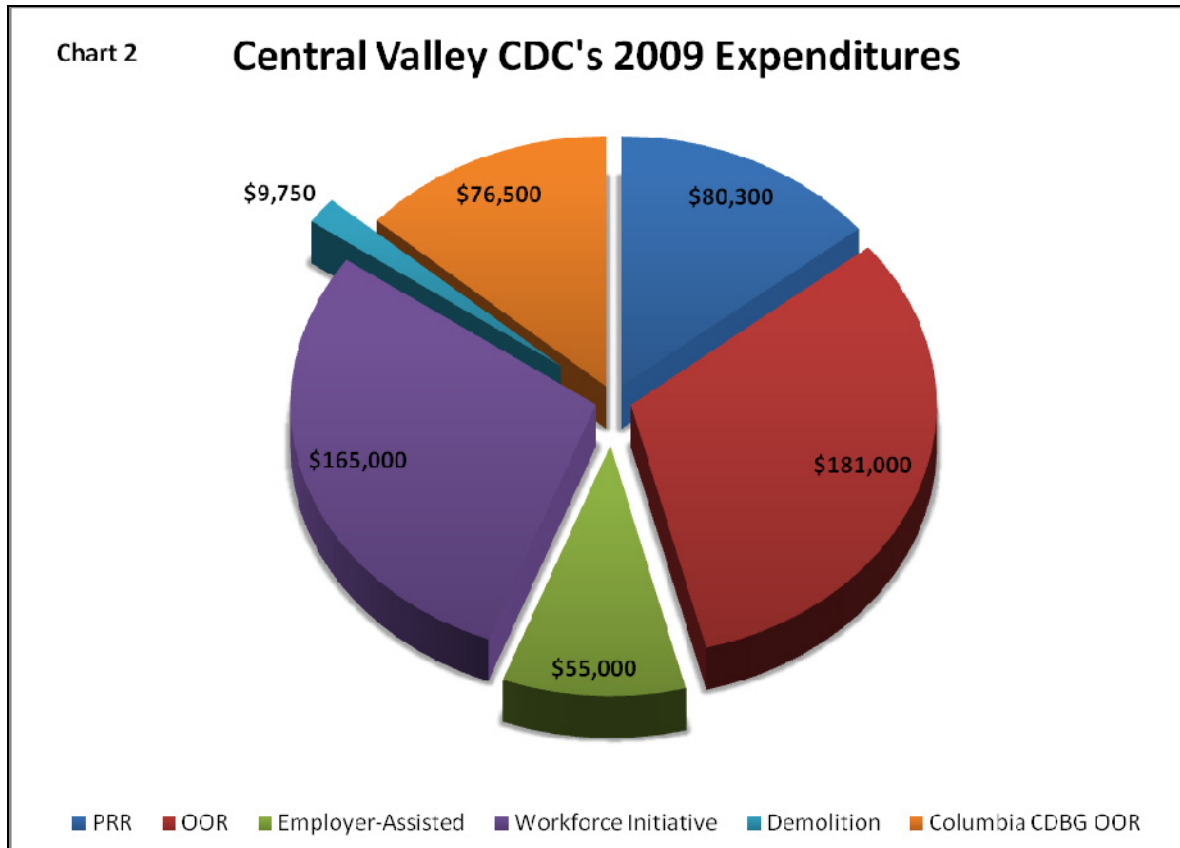
Current Capacity & Strengths in Production/Program Services

❖ The CDC’s report of accomplishments since its inception is impressive, including:

- Building 54 new homes;
- Purchasing and rehabilitating 120 existing homes;
- Conducting Homebuyer Education for nearly 700 households;
- Providing \$2 million in down-payment assistance;
- Leveraging \$2.1 million in owner-occupied housing rehabilitation;
- Working with local lenders to close \$10 million in home loans;
- Paying more than \$225,000 in realtor fees;

- Contracting with 100 local businesses;
- Increasing the property tax base by more than \$6.5 million through new construction;
- Assisting 230 families with securing safe and affordable housing.

❖ Chart 2 illustrates the CDC's 2009 expenditures for its affordable housing programs.



- ❖ Central Valley CDC works diligently with the real estate community and local employers to achieve the maximum marketability for its housing inventory and seeks innovative incentives and opportunities to produce quality housing, assisting lower-income customers
- ❖ The CDC has developed innovative marketing tools for its programs and services, including “placemats” for community events that describe accomplishments and impacts.
- ❖ The CDC's lines of business include property management services for its Baker Woods project. In recent years, the CDC put in place its own construction crew so it could respond more quickly to contracting needs for the various housing programs.

Improvement Opportunities & Recommendations in Production/Program Services

- Central Valley CDC would benefit from continuing the process of building “in house” staffing capacity in the areas of real estate development, construction business management, financial oversight, and property management. *Examples have been provided to the CDC and referenced in Appendix C of this report.*
- The CDC would benefit from exploration into partnerships that would produce and manage the business aspects of affordable rental housing, which was indicated as a need in survey results.
- The CDC direct program staff would benefit from additional cross training and capacity building in Homebuyer Education, Property Management, and Real Estate Development.

TECHNICAL OPERATING SYSTEMS

The **TECHNICAL OPERATING SYSTEMS** performance objectives are to ensure that the organization has implemented standard operating procedures and practices and has maintained complete and orderly records that are consistent with corporate policies, legal and funding source requirements. It further encourages the development of service delivery and customer tracking systems and records that promote effective and efficient services. Periodic review of the procedures and records is encouraged to assess their consistent implementation and compliance with requirements. A lack of written program policies and procedures for major service areas can lead to inconsistent and unapproved service delivery and incomplete record keeping and reporting.

General Observations

Central Valley CDC staff, Board, and partners acknowledge the importance of utilizing effective, technical operating systems to stay innovative and competitive in programming and services. However, the organization does not have a website, a resource that other comparable nonprofits utilize as a key part of their operations.

The addition of a website that features THE CDC’s accomplishments and provides electronic outreach to its large service area is an essential task for completion. At the time of the on-site portion of this assessment process, CDC management indicated that its website would be launched soon. The CDC’s online presence in the region can include publicizing accomplishments, marketing housing inventory, and advertising homeownership opportunities. It also could provide a cost effective means to distribute newsletters, brochures, and applications for service. A website can be especially effective in reaching outlying sections of the CDC’s service area.

Central Valley CDC has developed and adapted methods of tracking and reporting its production and services throughout the years. These systems, while functional at the present time, would benefit from analysis and possible reconfiguration as part of THE CDC’s preparation for any staff transition and succession. THE CDC will increase its competitive edge in applications for funding and new program opportunities by continuing to identify and implement the most optimal tracking and analysis systems.

Current Capacity & Strengths in Technical Operating Systems

- ❖ The CDC has developed various tracking mechanisms for its budgets, contracts, production, and numerical impacts.
- ❖ The CDC has assembled a historical, pictorial series of notebooks and photo albums to illustrate project detail and accomplishments that are available for viewing in their office.

Improvement Opportunities & Recommendations in Technical Operating Systems

- Central Valley CDC should complete its website project in order to enhance its visibility and outreach in the community. Having an effective website has become an essential tool for accomplishing the mission of organizations such as the CDC. For example, information from its notebooks and photo albums could be utilized on the website and put to a much wider use to benefit the organization.
- The CDC should ensure that all brochures, newsletters, and printed materials are consistent in their report of numerical and program data to increase outreach and “branding” of the organization into underserved areas.
- The CDC would benefit from assembling a Finance and Accounting Policies and Procedures manual that can be adapted as needed, according to audit and grant requirements. *An example has provided to the CDC and referenced in Appendix C of this report.*
- The CDC should develop a user-friendly “Dashboard” reporting system for its various programs, contracts, production and numerical impacts. *An example has been provided to the CDC and referenced in Appendix C of this report.*

APPENDIX A

SOURCES OF INFORMATION

Interviews/Meetings Conducted:

Board Members: President

President

Vice-President

Secretary/Treasurer

Five other Board Members

Staff:

Executive Director

Deputy Director

Housing Director

Housing Counseling Manager

Construction Supervisor/Foreman

Partners:

Executive Director, Statewide CDC Association

Deputy Director of Programs, WDA

Deputy Director, WDA

Regional Housing Specialist, SHAW

Planning Director, Columbia Community Redevelopment Authority

Roberta Lopez, Lopez Development Corporation

Customers/Homeowners:

J.K., First Time Homebuyer North Fork, CDC/St. Joseph Medical Center Partnership

Exit Conference/Interview Attendees:

Regional Housing Specialist, SHAW

President, Central Valley CDC Board, River County Bank

Executive Director, Central Valley CDC

Deputy Director, Central Valley CDC

Housing Director, Central Valley CDC

Housing Director, Central Valley CDC

Surveys Received

Deputy Director, SHAW

Community Development Administrator, City of North Fork

Deputy Director, WDA

Regional Housing Specialist, SHAW

Secretary/Treasurer, Central Valley CDC Board

Board Member, Central Valley CDC

Employees, Confidential

THE CDC Documents Reviewed Included:

2009 and 2010 Operating Budget
2009 Program Budgets
2006-2008 990s
Fourth Quarter, 2009 General Ledger
12-31-09 Financials
12-31-08 Financials
12-31-07 Financials
12-21-06 Financials
Board Minutes: May-December, 2009
Board Packet: February, 2010
Staff Job Descriptions
Organizational Chart
Personnel Policies & Procedures Manual
By-Laws and Articles of Incorporation
501 (c) (3) Designation Letter
Central Valley CDC Accomplishments (Compilation) 1992-2009
CDC Grant History 1992-2009
CDC 2010 Calendar
OOR, NSP, Evergreen, Baker Woods, Workforce Housing Brochures
Production Report, 2003-2009
Newsletters
New Construction Program Guidelines
Evergreen Program Guidelines
Inventory
Newspaper Articles

Other Documents Reviewed

2009 State Housing Policy Summit Report
Model Projects, WDA
Outreach Partner Guidelines, WDA
THE CDC Outreach Partner File, WDA
Rural Housing Programs, SHAW
US Census Bureau
State 2010 Annual Action Plan
HBE Class Overview
RentEd brochure/website
SHAW contracts list
SHAW website

Other Activities

Tour of Baker Woods Subdivision
Tour of Columbia
Visual of future Rapids development
February 24, 2010 Board Meeting

APPENDIX B

STAFF, BOARD, AND EXTERNAL SURVEY EXCERPTS

1. What do you think Central Valley CDC does best?

"The CDC was a member of the Areawide Housing Market Study Steering Committee and provided valuable input..."

"The CDC is regionally minded, gets projects done in a timely manner. The projects and activities of the CDC generate positive comments from the public and decision makers."

"Coordinates financing, monitors changing regulations, develops housing projects, is a valuable resource to peers..."

"Administration of affordable housing grants, ratio of project dollars spent to administrative costs"

"Grant Writing - the CDC has an exceptionally high rate of accessing funds"

"...their work is exemplary and necessary. Brenda is a true champion of the underserved"

2. In what areas do you think the CDC should increase capacity?

"...our policies and procedures needed revamping, but we are addressing that right now..."

"...improve the quality and presentation of homebuyer education training, provide training evenings and weekends..."

"...service to all communities in our 4 county service area..."

"...an education program for tenants"

"...more inter-agency partnerships"

"...more staff to administer more programs"

3. What do you see the CDC accomplishing in the next five years?

"Broadening service to smaller communities"

"Develop new neighborhood subdivisions in North Fork"

"The CDC has secured more grant funding each year and if they continue to do so, they will accomplish much in the way of improving the affordable housing stock in the communities they serve."

"Working more closely with small communities on revitalization/demolition with a regional approach to upgrade housing stock and fit in with the larger communities need to support "bedroom" communities."

4. How does your community perceive the work of the CDC?

"...very well; quality assistance to those who need it"

"THE CDC does a great job of identifying eligible home buyers and providing upgraded housing to them and the communities. In this way and with the grants to buyers, they provide "sustainable and successful" homeownership".

5. What is the greatest accomplishment of the CDC in the last two years?

"...getting the state funds and distributing after a flood damaged so much of Columbia..."

"More visible in North Fork, Increased collaboration with other housing organizations"

"Building, developing the Baker Woods Subdivision which has taken place over several years with rent to own, new construction home; also, developing a partnership with St. Joseph Foundation to assist with down payment assistance for employees at the Hospital."

6. What do you think are the most pressing housing and economic issues and challenges in your local region?

"...one of the greatest needs ...is for emergency repairs for low – moderate income homeowners. Furnace repairs & replacement is a big one – it's an immediate need that can't wait. This need was determined ...on the number of requests for assistance."

"Columbia, North Fork and several communities in our service area have conducted housing studies which show the need for affordable housing, housing rehab, assistance to first time buyers, affordable rental housing, etc...(there is) a waiting list of approximately 50 individuals / families who need assistance to purchase their first homes."

"Affordable housing and quality rental housing"

"To improve quality of housing, increase safe, affordable housing stock, demolish blighted structures. Issues are identified through the North Fork 2009-2013 Housing Market Study, WDA data, SHAW data, Statewide CDC Association roundtable meetings"

"Demolition of dilapidated housing"

"An inspection process for private sector rental housing"

"...stretching the available dollars to cover costs for housing that is appropriate for a variety of needs—rural, urban, extremely low income, disabled, working poor, large families, etc."

7. What challenges does the CDC face now and in the future?

"Sustainability...the ability to continue to acquire grant funding to keep the CDC providing quality services, but also continue to operate and build capacity"

APPENDIX C

TOOLS AND TEMPLATES PROVIDED TO THE CDC

Planning

Sample Business Plan and Timeline Chart

Resource Management

Sample Contract Management Matrix

Organizational Management

Emergency Succession Planning Template

Annie E. Casey Foundation “Building Leaderful Organizations” Succession Planning Essay

Succession Tools

Contract Management

Sample Contract Management Matrix

Financial Management

Sample Financial Policies and Procedures Manual

Personnel Management

Sample Work Plan

Production/Program Services

Sample Development Feasibility Checklist

Sample Development Pipeline Report

Sample Construction Management Report

Technical Operating Systems

Sample Dashboard

Other items as mentioned in the above sections

Other

PowerPoint Presentation