

The Shift to Performance-Based Management in a NYC Homeless Shelter: A Case Study

A. Introduction

Over the past several years, a major shift has occurred in the ways in which municipalities manage, measure, and reward the performance of not-for-profit organizations. Government agencies now focus on clearly defined programmatic outcomes, measure achievement against concrete standards, and give providers the opportunity to earn substantial bonuses if they meet or exceed program targets. In turn, this has brought about significant changes in the management strategies, organizational culture, and performance measurement systems utilized in not-for-profit organizations across the country.

This article describes the change process that took place recently at HELP USA, a New York City-based not-for-profit that provides homeless services and operates affordable housing at multiple locations across the country. The discussion focuses on the changes that occurred at one of the organization's transitional housing facilities, and resulted in a 111% increase in productivity over the course of a single year. The new management/measurement practices have since been instituted throughout the organization, and have significantly improved HELP USA's ability to meet its service targets and compete for new government contracts in an increasingly competitive human service environment.

B. HELP USA

HELP USA (HELP) is a not-for-profit organization that was founded in 1986 by Andrew Cuomo with a mission to empower the homeless and others in need to become and remain self-reliant. The organization has grown to become one of the nation's largest builders and operators of supportive housing for homeless, formerly homeless and low-income families. Over the past 20 years, HELP USA has developed more than 1,700 units of transitional and permanent housing, assisted more than 170,000 clients, and currently operates 26 residential sites in ten communities across the country.

HELP USA's residential facilities provide housing and supportive services to homeless families, homeless individuals, and survivors of domestic violence. HELP is also a leader in designing and operating homeless prevention and aftercare programs, and the organization's job training programs have placed over 5,000 homeless adults into full-time employment.

HELP is led by a President/ Chief Executive Officer, Laurence Belinsky, who is responsible for the operations of all of the organization's facilities and programs. Mr. Belinsky is a former member of HELP USA's Board of Directors; he assumed his present position in 2005 after a long career on Wall Street. He has brought to his new role at HELP his experience in private sector management strategies, a focus on performance-based programming, and a strong interest in organizational development.

During his first six months at HELP USA, Mr. Belinsky evaluated HELP's programs, management and reporting systems, and organizational culture. He found that HELP was

an organization that had been successful for many years, but needed to make significant changes if it was going to remain competitive in the future. Specifically, HELP needed to upgrade its performance management and data collection (performance measurement) systems, refocus attention on its core service areas, and instill a culture of excellence throughout the organization.

One of the sites that needed to undergo a significant change process was HELP I, a transitional housing facility for 191 families located in the East New York section of Brooklyn. HELP I was the first family shelter developed by HELP USA, and had been providing housing and supportive services to families for 20 years. Over the past few years, the performance of the shelter had declined to the point that it had become entrenched in its position as the most underperforming facility in the entire HELP residential portfolio¹. The effort to transform this facility would test HELP's ability to respond effectively to the demands of a rapidly changing homeless service environment.

HELP USA's HELP I Family Shelter
<ul style="list-style-type: none">• Opened in 1986 to provide transitional housing for homeless families in NYC• Family apartments: 191; Average number of residents in the facility: 640• Operated by HELP USA under contract with NYC's Department of Homeless Services• Annual Operating Budget: \$4.1 million

C. Rapid Re-Housing: A New Model for NYC's Homeless Services

HELP I is part of New York City's municipally-funded homeless shelter system. Like the vast majority of the City's family shelters, it is operated by a not-for-profit organization (i.e., HELP USA) under contract with NYC's Department of Homeless Services (DHS). These family shelters provide transitional housing and supportive services to over 9,000 families; over 15,000 children reside in these facilities.

Historically, families were placed in transitional housing (family shelters) for periods of one year or longer; during this time the family was stabilized, and family members participated in programs that were designed to improve family functioning and self-sufficiency. After family members completed these life change activities, the family was placed into permanent housing. Services were designed to be provided while the family was in the shelter; the City's contracts mandated that the shelter operator maintain high shelter occupancy rates, but did not include other performance-based incentives.

¹ NYC's Department of Homeless Services rates the performance of family shelters annually as part of its performance incentive program. In both 2004 and 2005 HELP I received the lowest performance scores of all of HELP USA's family shelters.

This model began to change in mid-2003, and by 2005 NYC's Mayor Bloomberg had instituted two major changes in the way DHS administered homeless services. One specific change was the addition of new performance-based components to DHS' service contracts; these contracts included financial incentives that could be earned by shelter providers that met or exceeded their annual housing placement goals and other targets tied to employment and entitlement outcomes.²

The other, related change was a more general shift to a rapid re-housing service model. In this approach, homeless families (and adults) are moved as quickly as possible back into the community. This model assumes that a homeless family's primary need is for permanent housing, and reduces the prior emphasis on providing supportive services while a family is in shelter. In the rapid re-housing model, the goal of the transitional housing facility is not to get the family 'ready for housing;' rather it is to facilitate the family's return to the community as quickly as possible.³ This is emphasized in NYC's 'action plan' for homeless services, which states that "temporary shelter is a short-term intervention, not a substitute for permanent housing."⁴

The rapid re-housing model regards a shorter time spent in shelter as less disruptive to family processes and child development, assumes that vulnerable families are more responsive to services *after* they have been returned to their own home, and feels that they cannot focus on other issues until their housing needs have been met. Once a family has been placed into housing, they then participate in services that will increase their housing stability and long-term self-sufficiency and prevent a future occurrence of homelessness. In New York City, these services are provided through *HomeBase*, a new community-based homelessness prevention and aftercare program for at-risk and formerly homeless families and adults throughout the City.⁵

The challenge, for HELP I and the other NYC family shelters, was to transform their organizational culture and service delivery systems so that the facility would perform effectively in this new environment. The new focus would be on shorter lengths of stay in shelter and a greatly increased number of placements into permanent housing. Staff would have to 'buy-in' to this new model; new performance tracking systems would have to be implemented; teamwork and flexibility would have to replace departmental 'silos' and a rigid adherence to pre-existing ways of thinking and acting.

² In June 2004, Mayor Bloomberg released a homeless service 'action plan' that called for the enhancement of "performance incentive programs" and the development of new "accountability mechanisms" that will hold both private providers and public agencies "responsible for producing results." NYC's strategic plan for homeless services, *Uniting for Solutions Beyond Shelter*, can be found on DHS' website www.nyc.gov/html/dhs.

³ Lanzerotti, L. *Housing First for Families: Research to Support the Development of a Housing First for Families Training Curriculum*. National Alliance to End Homelessness, March 2004.

⁴ *Uniting for Solutions Beyond Shelter*, Appendix A.

⁵ HELP USA operates two *HomeBase* programs that provide homelessness prevention and aftercare services to hundreds of at risk families and adults throughout the Bronx.

D. HELP I Makes the Shift

HELP's President/ CEO defined 2006 as a year-long test period during which the organization's ability to make significant changes in service delivery at the HELP I facility would be evaluated. This period coincided with DHS' calendar-year performance incentive program; it also allowed HELP to compare the site's 2006 results with the outcomes from the prior year. The success of the effort would depend on HELP's ability to bring about significant change in five key areas:

- Goal-setting
- Culture Change
- Teamwork
- Performance Monitoring
- Personnel Evaluation.

In late 2005, Mr. Belinsky started meeting with HELP USA's Executive Staff and HELP I Supervisors and Staff to clearly define the site's 2006 *Goals* as 'Housing, Housing, & Housing.' The rapid re-housing model was presented; concerns about the facility's move away from a more service-oriented/ long-term stay approach were heard and processed; suggestions pertaining to changes in staffing and the need for additional resources were solicited and responded to. Staff in all departments at the facility were informed that DHS had set HELP I's housing placement target for the year at 178 placements, which required that 15 families had to be moved into permanent housing every month.

This goal-setting process also involved the families who were in residence at HELP I. They were educated about the site's increased focus on housing and a corresponding shorter length of stay, as well as the steps they would be required to take as they moved toward permanent housing (e.g., applying for housing subsidies, removing public assistance sanctions, visiting potential apartments). Each stage in the re-housing process was tied to a concrete time frame and a projected move-out date was established for each family. The families' concerns were addressed in individual meetings with their Case Managers; information about the new service model and the placement goals was prominently displayed on posters and bulletin boards in the common areas throughout HELP I.

Major changes also needed to be made in the *Culture* of the facility. This change process was addressed initially by hiring a new Executive Director, an experienced administrator with a strong background in organizational development; one of his charges was to be the lead 'culture-changer' at HELP I. The Executive Director was given control over all departments and operational elements of the facility;⁶ it was his responsibility to ensure that all of the staff would 'buy-in' to the new service model and work together to attain the goals.

Re-housing families was no longer seen as the responsibility of the Housing Specialist or the Case Manager; everyone at the site was now part of the process and was responsible

⁶ Previously, operational control of the site had been split between 'social services' and 'facilities management' with multiple lines of report to HELP's Central office. These were replaced by a unified structure where the Executive Director was responsible for all aspects of the facility's performance.

for the success of the overall effort. For example, an increase in housing placements meant increased unit turnover at the site, and Maintenance Workers played an important role in ensuring that units were available in a timely fashion for new families. Safety staff helped transport families to view apartments, and gave out the ‘so when are you moving?’ message as they interacted with families during night and weekend shifts.

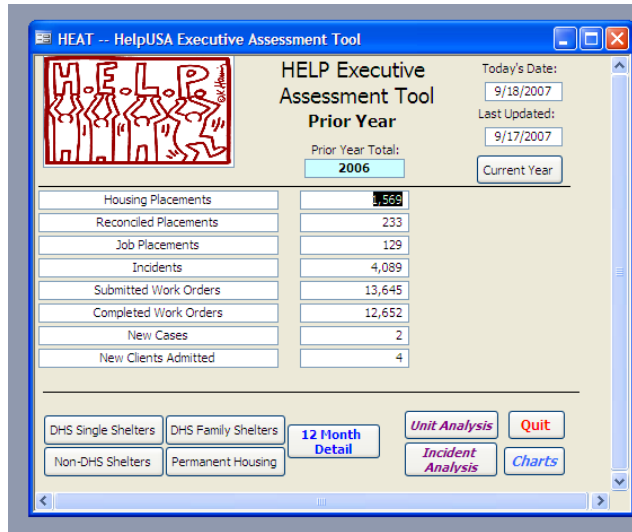
Culture change also involved addressing the well-established expectations, behavioral norms, and shared understandings that were passed along from family to family as new residents entered the facility. The Executive Director met with families in group settings and informal encounters in the HELP I courtyard; he identified and worked with families that supported the new effort so they could help spread the message to their peers; he also worked diligently to help the facility’s long-term stayers move on to permanent housing in the community.

At the service delivery level, overseeing the *Teamwork* that was essential to achieving higher performance was the responsibility of a new Assistant Director that was brought in to HELP I in late 2005⁷. She was a very experienced social service professional with a firm grasp of the City’s complicated public assistance, housing subsidy, and family support practices and policies. The Assistant Director led multiple team-building exercises; showed site staff the concrete ways in which they were going to contribute to the re-housing program; and defined the overall effort as an opportunity for staff to develop their skills and advance their careers.

She also revamped the Orientation process for new families so that it emphasized the rapid re-housing model and defined the family’s responsibilities at each stage of the re-housing process. Moreover, she developed new Client Flow tracking systems that allowed her to monitor each family’s progress as they moved on toward permanent housing. Finally, the site’s weekly and monthly performance (as well as the performance of each Re-Housing Team) was communicated clearly to all staff. The process was clear, the goals were concrete, and the site’s performance was made transparent to all.

At the same time, HELP USA developed a new *Performance Monitoring* system that allowed Senior Management and Site Directors to view the performance of each HELP site across several key areas. The *HEAT Program* (HELP Executive Assessment Tool) tracks housing placements, length of stay, job placements, security incidents, unit availability, work order/ unit repair status, and other key performance indicators at each HELP facility. *HEAT* tracks performance in areas established by DHS as well as other standards set by HELP USA. Initially updated weekly, it is now updated daily and reflects ‘real time’ performance at the site.

⁷ These were the only new hires made at the facility. All of the other staff had been part of HELP I during the ‘underperforming’ years; their skills, energy and outcomes blossomed under the new organizational culture and management structure.



HELP Executive Assessment Tool (HEAT) – Overview Screen

HEAT ensures that Senior Management and Site Directors all share the same data about the progress the site is making toward the annual re-housing goal. As each month's placement data is finalized, *HEAT* automatically adjusts the remaining monthly targets to reflect any negative variances. The system also allows comparison to the prior year's performance and to the performance of other HELP sites during the current period.

Reporting Month	Placements Reported	Placements Target	Over/Under Target
January	21	15	6
February	22	14	8
March	22	15	7
April	22	14	8
May	28	16	12
June	21	14	7
July	14	16	-2
August	33	15	18
September	20	15	5
October	24	16	8
November	24	16	8
December	21	13	8
YEAR-TO-DATE			
	272	179	93
	Annual Target:		Needed to Meet Target:
	179		-93

HELP Executive Assessment Tool – Housing Placements vs Target (HELP I)

Finally, HELP adopted a new system of *Personnel Evaluation*. The prior system had rewarded longevity, and annual reviews had been scheduled based on the individual's date of hire. In the new approach, all reviews are conducted at the end of the

organization's fiscal year. The review process is quantified and the employee's evaluation is based on their contribution to the site's performance during the year. Employees earn rewards based on merit rather than length of service. Performance incentive payments earned by the facility translate into year-end bonuses for those staff members that helped the site meet or exceed its contractual targets.

E. Results

The changes in organizational culture and the new focus on data-driven, performance-based management resulted in a complete turnaround at the HELP I facility, and what had been HELP USA's poorest performing site became one of the highest functioning shelters in the entire NYC homeless service system.

The most striking change was in the number of housing placements. During CY 2005, HELP I placed 129 homeless families into permanent housing, thus attaining only 71% of its annual target. In 2006, HELP I moved 272 families back into the community, thereby achieving 153% of the contractual target established by DHS. In a one year period, the site increased its housing placements by 111%.

In addition to housing placements, the rapid re-housing model also prioritizes a shorter length of stay for families in shelter. HELP I's success in this area can be illustrated by comparing the shelter stays/ housing outcomes for two groups of families. The first group is comprised of the families who were in residence at HELP I at the end of CY 2005; these families could expect to remain at the facility for an average of 349 days before being placed into permanent housing. The second group is made up of those families who entered HELP I during the latter half of 2006. This group experienced an average shelter stay of 181 days before securing permanent housing; this represents a reduction in length of stay of 168 days. The time a family spent in shelter was reduced by 5 ½ months; families returned to the community relatively quickly; disruptions to family functioning that are related to the experience of homelessness were decreased.

From a financial perspective, the increased efficiency of HELP's re-housing process resulted in significant cost savings to the City's Department of Homeless Services. At a \$60 per diem rate, the average cost per placement for the HELP families in the first group was \$20,940. The cost per placement for families in the second group had dropped to \$10,860, resulting in a savings of \$10,080 for each housing placement achieved. Put somewhat differently, for every 100 families HELP re-housed after the new management strategies had been fully implemented, DHS saved \$1,000,000 in shelter costs.

The positive changes in HELP I's performance resulted in a corresponding increase in the performance bonus earned by the site during the period. In 2005, the facility earned a bonus of \$11,708. The following year, NYC awarded HELP I \$364,083 for its performance during CY 2006. This represents a thirty-fold increase from one year to the next.⁸ From a cost benefit perspective, DHS's performance incentive plan represents a

⁸HELP utilized the incentive payment to reward staff and to make improvements to the facility. \$220,000 was disbursed to staff as year-end bonuses; another \$115,000 was used for enhancements to the site.

strong ‘win-win’ for both the City and HELP USA. HELP operates more efficiently; the City realizes significant savings in shelter costs; a portion of these savings is then awarded to HELP as a year-end bonus.

Category	CY 2005	CY 2006	Change	% Change
Housing Placements	129	272	143	111%
% of Placement Target Achieved	71%	153%	0.82	115%
Performance Bonus	\$11,708	\$364,083	\$352,375	3110%

Performance Changes at HELP I from 2005 to 2006

F. Summary

The striking turnaround at HELP I shows the value of the new management practices that were instituted at the facility. The attitudes and morale of the site staff have improved; families now see themselves as being ‘part of the process’ and know they are being held accountable for achieving their re-housing milestones in a timely fashion. Children and adolescents are spending less time in shelter, and are therefore at lower risk for experiencing the developmental disruptions, low self-esteem and negative identity issues commonly associated with homelessness. Moreover, NYC’s Department of Homeless Services and HELP USA are working together to develop additional performance-based measures that will reward HELP’s achievements and also produce a more efficient and economical homeless service system.

The changes at HELP I were mirrored by similar successes at HELP’s other homeless service sites throughout NYC. Indeed, by the end of CY 2006, the per placement cost for HELP’s NYC shelters had been reduced by \$9,400 (Attachment A). As a result, the \$336,070 performance bonus HELP’s DHS facilities earned in 2005 increased by 278% to \$933,024 in 2006. HELP was rewarded for its performance, and DHS saved money by re-housing homeless families and adults more efficiently.

HELP USA is strongly committed to ensuring that homeless families experience shorter shelter stays and return to permanent housing in the community as quickly as possible. HELP will make certain that it attains this service goal by maintaining and strengthening its new organizational culture, performance management practices, and data collection/ performance measurement systems. HELP will also be extending the use of the *HEAT* performance monitoring system to encompass its non-residential client service programs. This will enable HELP’s President/ CEO and Senior Staff to oversee the performance of these programs on a ‘real-time’ basis and to correct performance problems before they unduly impact the program’s ability to attain its annual goals.

In addition, HELP USA is in the process of developing similar performance measurements for its permanent housing projects. These practices will allow HELP to operate these existing facilities more efficiently, and will enable it to meet its strategic objective of developing hundreds of additional units of affordable housing for formerly homeless, veterans, and working families over the next several years.