

# Eaton County Continuum of Care Reallocation Policy

## BACKGROUND

Reallocation refers to the process by which a CoC shifts funds in whole or in part from existing CoC-funded projects that are eligible for renewal to create one or more new projects. These reallocations are pursued through the annual CoC Program Competition.

HUD reminds CoCs that reallocating funds is one of the most important tools by which CoCs can make strategic improvements to their homelessness system. Through reallocation, CoCs can create new, evidence-informed projects by eliminating projects that are underperforming or are more appropriately funded from other sources. Reallocation is particularly important when new resources are scarce or being underutilized.

Decisions regarding reallocation are best made when guided by an overall strategic plan, in which the CoC assesses existing projects for their performance and effectiveness in ending homelessness.

CoCs should assess whether amendments to a grant would be more appropriate prior to suggesting reallocation. **Refer to HUD amendment guidance** found in the USICH guidance materials.

In general, CoCs should direct funding towards projects that:

- 1) Serve the highest need individuals or families;
- 2) Help project participants obtain permanent housing as rapidly and directly from homelessness as possible;
- 3) Ensure long-term housing stability; and
- 4) Ensure the best and most cost-effective fit given a community's needs.

The following describes the Federal Guidelines and requirements for reallocation of funds:

To ensure the strategic allocation of resources and continued progress toward the goal of ending homelessness, in 24 CFR § 578.105(b)(2) and § 578.107(b)(1)(iv), the United States Department of Housing and Urban Development (HUD) authorizes Continuums of Care (CoCs) to reallocate funds from underperforming, underutilized, redundant, non-cost effective, or obsolete programs to create new projects which:

- 1) meet the eligibility and quality thresholds established by HUD under 24 CFR § 578. 39 through § 578.63
- 2) meet the requirements as set forth in the annual Notice of Funding Availability (NOFA)
- 3) serve new participants, focusing on the most vulnerable chronically homeless
- 4) increase local housing stock, and
- 5) ensure that all resources are being utilized toward achieving the goal of ending

homelessness

Under 24 CFR § 578.7(a)(6), CoCs are mandated to consult with grantees and sub-grantees to establish performance targets appropriate for their specific populations and program types, monitor grantee and sub-grantee performance, evaluate outcomes, and take corrective action where performance does not meet expectation.

## **POLICY STATEMENT**

Reallocation is intended to optimize the Eaton CoC system performance to achieve the following objectives:

- 1) Meet housing needs for persons as identified in the Coordinated Entry System (CES)
- 2) Provide high-quality, effective programming
- 3) Align funded programming with HEARTH Act priorities as defined in § 427 and HUD priorities as defined in 24 § CFR 576.2

## **Reallocation Process and Procedure**

The Eaton CoC has reached a consensus that reallocation will not be an annual mandate. The Eaton CoC understands and acknowledges that through this reallocation process, funding may be moved in an attempt to use the funds to a greater good or community need.

Using this document, the Eaton CoC is striving to develop a reallocation process that will ensure that projects submitted in the CoC Consolidated Application best align with the HUD CoC funding mechanism's priorities and contribute to a competitive application that collaboratively secures these dollars improve our community.

As described in the *Performance Measures* section of this policy, the Eaton CoC seeks to make data-driven decisions based on information gathered from appropriate and timely spend down, local scoring methodology, and other HUD-recommended data tools.

## **Performance Measures**

To provide both project-specific outcome information and CoC-wide contributions, each CoC-funded program will be evaluated based on data entered into HMIS, the HUD Annual Performance Report (APR) outcomes documented in the APR submitted to HUD, the Project Application submitted for the CoC proposal, the local scoring methodology, and other HUD-recommended data tools.

The APR scoring criteria assesses outcomes which directly relate to goals set by HEARTH ACT including reducing the length of homelessness, reducing returns to homelessness, and increasing income. APR can also offer information that can be used in scoring projects about exits to permanent housing and the utilization rates- the number of intended households to be served versus those actually served.

Other items to be considered for scoring include:

- 1) Spending rates including recapture issues
- 2) Timely data entry using current HUD guidance

- 3) CoC involvement including attendance at meetings and committee meetings and tasks completed
- 4) CE participation- including but not limited to all of the CE processes including entry in CE bins, prioritization list, attendance to prioritization meetings, and
- 5) Monitoring issues- findings, concerns, and finding responses
- 6) Utilization rates are at least 95%

## **TYPES OF REALLOCATION**

There are two types of Reallocation. First is the self-initiated when a funded agency requests to move the funds to another agency. This type is considered voluntary.

### **Self-Initiated (Voluntary) Reallocation**

A grantee may voluntarily request reallocation of project funding if:

- 1) The grantee wishes to move funds to a new eligible project or projects,
- 2) The grantee is no longer interested in continuing a project or part of a project, or
- 3) The grantee no longer needs CoC funding as funding becomes available through other sources.

Grantees may request the reallocation of funds by submitting written notification to the CoC Chairperson. A grantee wishing to reallocate funds through the voluntary process must do so in accordance with federal and state requirements. If the request is within a grant period, the agency must also develop a transition plan with the Collaborative Applicant and HUD Field Office to minimize disruption to clients whose housing is supported by CoC grant funds.

### **Continuum-Initiated (Involuntary) Reallocation**

The second type of reallocation is Continuum-initiated when the CoC has determined a different use for the funds is necessary to be in line with HUD, meet current community need, or when the current grantee is not in compliance or is having difficulties (see Reasons for Reallocation section) in operating the funds/program.

The decisions related to Continuum-initiated reallocations will be made in accordance with 24 CFR 578.107(a) and (c), which holds each CoC responsible for the performance, fiduciary accountability, and strategic value of each CoC program project included in its annual Collaborative Application.

Project funding may be reallocated in the following ways:

- 1) Funding (in whole or part) from one project into a new project by the same provider
- 2) Funding (in whole or part) from one project into a new project by a different provider
- 3) Funding (in whole or part) from one project into more than one new project
- 4) Funding (in whole or part) from multiple projects into one new project
- 5) Funding (in whole or part) from multiple projects into more than one new project

### **Reasons for Reallocation:**

Prior to the submission of the Consolidated Application, Eaton CoC will determine if there are any issues preventing an agency from being successful in the next application. If one of the reasons laid out below is present, the matter will be sent to the Strategies/Grants Committee for discussion and a recommendation is made to the Eaton CoC.

The Continuum of Care maintains full authority to reduce or eliminate any project and reallocate funds to new projects, taking into consideration the following factors as referenced in 24 CFR § 578.107(b) through (d):

- 1) Audit finding(s) for which a response is overdue or unsatisfactory
- 2) History of inadequate financial management
- 3) History of other major capacity issues that have significantly impacted the operation of the project and its performance
- 4) History of serving ineligible persons, expending funds on ineligible costs, or failing to expend funds within statutorily established timeframes
- 5) HMIS non-compliance and data quality issues:
- 6) Not entering data; not submitting required reports; or data quality greater than 10% missing values
- 7) CE process non-compliance- failure to follow the CE Policy as determined by either CQI or Strategies/Grants Committee
- 8) Non-alignment with CoC funding priorities and federal and state strategic goals
- 9) Not attending at least 90% of the CoC monthly meetings
- 10) Scoring less than 60% on the Eaton CoC Project Scoring Tool
- 11) Evidence of underutilization/under expenditure of CoC grant award. Reallocation due to underutilization of funds/underspending will be determined according to the following methodology:
  - a. Grantees that spend less than 90% of the contract amount either (a) during the most recent contract year AND/OR (b) on average over the last three contract years **WILL** be subject to reallocation of funding.

### **Steps in the Reallocation Process:**

1. Reallocation is discussed at Strategies/Grant Committee
2. Strategies/Grants or an individual may address a concern by sending a letter to the Executive Committee. If an individual initiates an inquiry, the Executive Committee will send the inquiry to Strategies/Grants for discussion and a recommendation. If Strategies/Grants initiates the concern, the Executive Committee will take the matter to the CoC at the next meeting if necessary.
3. A vote of the CoC membership is held with any conflicts of interest noted and recusal.
4. The CoC member agency's Board of Directors holding the funds under consideration

for reallocation will be notified in writing of the decision by the CoC Chairperson.

**Appeal Process:**

As per 24 CFR § 578.35, grantees who have been subject to involuntary reallocation may appeal the decision by filing a written appeal to HUD within 45 days of the date of the announcement of the award. HUD will notify the applicant of its decision on the appeal within 60 days of receipt of the written appeal.

The agency filing the appeal must also notify the Eaton CoC's Chairperson in writing within 3 days with the date the appeal was submitted to HUD.

Once determined that funds will be reallocated, the Eaton CoC will notify the public that these funds are available with deadlines for application and where to find the application.

**RFP Process:**

The Eaton CoC will put the funds out for bid using a standardized application process. This process is based on the CoC ranking/scoring tool which would include: experience, involvement, need for type of program, etc.

The Scoring Team will review the application(s) and report their recommendation(s) to the entire Eaton CoC where they will be voted on. Anyone with a conflict of interest will recuse themselves.

The CoC Chairperson will notify the awardee who will be assigned to the Strategies/Grants Committee to assist with the writing of the HUD application.

**Summary**

Reallocation will occur in a transparent, universal, and performance-based manner to ensure the ongoing success of our CoC's efforts to end homelessness. The Eaton CoC has created a scoring metrics to assist with involuntary reallocations and methodology to determine the best use of the funds to be reallocated.

Involuntary reallocations are always allowed and will be used to benefit the entire CoC system. Funds being reallocated in this method will be bid on through the Eaton CoC's bidding process. Once an agency is selected to receive the reallocated funds, the agency releasing the funds will provide all the necessary documents associated with the grant, client files, financial information or other information as appropriate to ensure the new agency's success and no disruptions to the clients being served (carry overs).