



Rank and Review Reallocation Policy and Procedure

BACKGROUND

Under the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH), the Department of Housing and Urban Development's (HUD) reallocation process allows Continuums of Care (CoC) to fund new projects by transferring all or part of funds from any existing CoC grant to create a new project. Renewal projects may voluntarily reallocate part or all of their funding. Low-performing projects are encouraged to reallocate, and potential applicants are encouraged to apply for new projects through reallocation.

This Reallocation Policy and Procedure is aligned with HUD and HEARTH Act policy guidance, performance-based as specified with the annual HUD NOFO, and based on local needs, data, and use of a common assessment tool. Reallocation allows CoCs to reallocate excess funding and move funding from low-performing projects to new projects with the intent that new projects will be higher-performing. The CoC will make all funding decisions based on alignment with HUD guidelines, performance measures, and unspent project funds.

Project Quality Threshold. The CoC must consider the need to continue funding for projects expiring in the fiscal year. *Renewal projects must meet minimum project eligibility, capacity, timeliness, and performance standards identified in the NOFO. The CoC will review renewal projects to determine if project applicants and sub-recipients meet the project quality threshold requirements detailed in the most current NOFO. If the CoC determines these standards are not met, the CoC will reject the project application unless otherwise provided in the NOFO, and funds may be reallocated. *New projects created through reallocation must meet the requirements in the most current NOFO and the project eligibility and project quality thresholds established in that NOFO.

Performance Measures. To provide both project-specific outcome information and ensure 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, and other HUD recommended data tools. The APR scoring criteria assess outcomes that directly relate to goals set by HEARTH, including reducing the length of homelessness, reducing returns to homelessness, and increasing income.

*Eligibility Threshold can be found in Section III.C.4.a. Project Quality Threshold information can be found in sections III.C.4.b and III.C.4.c.

Outcomes Impacting CoC Score. Outcomes reported each year in the HUD Consolidated Application will guide performance measures and impact the CoC score. As HEARTH performance measures are identified through the forthcoming Continuum of Care regulations, the measures used for the renewal/threshold evaluations will be revised. Program outcomes will be collected via the Performance Scorecard during the CoC project scoring cycle.

HMIS Data Quality. Programs will be evaluated on their HMIS quality for the operating year. It is expected that programs will have no greater than 10% of missing values for any of the universal data elements; programs can correct incomplete data to improve the percentages. Data quality outcomes will be collected via the Performance Scorecard during the CoC project scoring cycle.

Expenditure of CoC Grant Funds. HUD and MSBOS expect that homeless assistance resources be fully utilized to ensure homelessness is rare, brief, and non-recurring. The MSBOS rank and review processes will include criteria to determine whether any HUD funds were recaptured at the completion of the most recent grant, how much money was recaptured, and whether actions have been taken to assure that grant funds will not be recaptured in the current program year.

MSBOS Funding Priorities. The following performance measures will also be used to assess projects' alignment with the MSBoS Funding Priorities and CoC Goals:

- Addressing Individual Unsheltered Homelessness
- Addressing homelessness in geographical regions of MS Balance of State CoC with the highest populations of homelessness
- Addressing Chronic Homelessness

REALLOCATION PROCESS AND PROCEDURE

The MSBOS CoC understands and acknowledges that valuable projects may be defunded through the reallocation process. The MSBOS CoC strives to develop a reallocation process that ensures 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 to improve our community. As described in the Performance Measures section of this policy, the MSBOS CoC seeks to make decisions based on data, needs, and information gathered from the common assessment tool and other HUD-recommended data tools. This does not mean that the MSBOS CoC does not value the reallocated projects or the diversity of programs in our community. Instead, MSBOS anticipates that most reallocated projects will seek funders with priorities better suited to cultivate these projects' unique contributions to our community that HUD's CoC funding mechanism is not designed to recognize.

Voluntary Reallocation. Renewal project applicants may voluntarily reallocate their existing project or reallocate funds by reducing their project's annual renewal amount in whole or in part, as defined in 24 CFR §578. Applicants interested in voluntarily reallocating should notify the MSBOS CoC in writing of their intent. If necessary, individual meetings will be scheduled with each participant to discuss project performance, HUD CoC priorities, and other factors that may affect future funding for each project. For reallocated project funding (to create a new permanent housing project), strong preference will be given to those projects that voluntarily apply to reallocate.

Involuntary Reallocation. The CoC will make reasonable efforts to ensure that projects meet performance standards and fulfill the requirements of CoC guidelines before enforcing involuntary reallocation. The rank and review process will include all renewal project applications. If there remain deficiencies in project performance after reasonable corrective efforts, the CoC may recommend the project for involuntary reallocation. If it is determined that a renewal project fails to meet the required threshold or address the priorities of the competition, then it will be reallocated. The MSBOS CoC will consider involuntary reallocation as appropriate and as necessary based on these criteria:

1. Unspent funds and the ability to cut grants without cutting service/housing levels;
2. The history of reallocation (e.g., if a grant was reduced one year, this will not be apparent in spending the following year);
3. The project's performance;
4. The project's ability to meet financial management standards;
5. Specific new permanent supportive housing or rapid rehousing project(s) and specific renewal project(s) at risk of not being funded;
6. Alternative funding sources available to support either new or renewal project(s) at risk of not being funded;
7. Renewal HUD "covenant" concerns related to grant funds for acquisition, rehabilitation, or new construction;
8. Impact on system performance and the CoC's Consolidated Application score; and
9. Impact on the population in light of community needs.

Recipients who administer a project that has been selected for involuntary reallocation will receive notification, including the reasons for the reallocation, from the Collaborative Applicant agency in writing, outside of e-snaps.

REALLOCATION APPEALS PROCESS

Recipients selected for involuntary reallocation may appeal the decision in writing to the Rank & Review Committee within seven (7) business days after notification of selection for involuntary reallocation. The written notification should justify the continued need for the project(s) in question to maintain funding at its current renewal demand. The Committee will review all appeals and provide a final recommendation to the Balance of State CoC within fourteen (14) business days of receipt of the appeal.

REALLOCATED FUNDS

CoC program funds made available through involuntary reallocation may be used to develop one or more new projects. Should no viable new projects be identified, CoC program funds made available through involuntary reallocation may be available to expand other eligible renewal projects, subject to current CoC funding priorities and HUD NOFO requirements.

Eligible Projects. The CoC may use reallocated funds to create the following projects:

1. New Permanent Supportive Housing (PSH) projects where all beds will be dedicated for use by chronically homeless individuals and families as defined in 24 CFR §578.3;
2. New Rapid Rehousing (RRH) projects for homeless individuals and families who enter directly from the streets or emergency shelters, youth up to age 24, and persons who meet the criteria of paragraph (4) of the definition of homelessness in 24 CFR §578.3;
3. New Joint Component projects, which include Transitional Housing (TH) and Rapid Rehousing (RRH) in a single project to serve individuals and families experiencing homelessness, as defined in 24 CFR §578.3;
4. New dedicated Homelessness Management Information System (HMIS) projects as allowed per 24 CFR §578.3; or
5. Other eligible project types that are stated in the current year's HUD CoC NOFO.

Responsibilities for Reallocated Projects. The agency whose original project is being reallocated is responsible for successfully placing those currently receiving housing into another comparable or better housing and/or services situation. New projects will accept clients from a reallocated project if the projects serve the same demographic population(s).

SUMMARY

Reallocation will occur in a transparent, universal, and performance and need-based manner. Funds may be reallocated voluntarily or involuntarily, and the CoC will ensure all processes match HUD requirements and the goal that homelessness is rare, brief, and non-recurring.