

Reallocation for HUD NOFO Renewal Projects

OR-501 Multnomah County CoC | March 2023

I. Introduction

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. Reallocation only applies to the annual competition NOFO. HUD expects CoCs to reallocate funds from non- and/or under-performing projects to projects addressing higher-priority community needs that align with HUD priorities and goals.

HUD expects that CoCs will use performance data to decide how to best use the resources available to end homelessness within the community. CoCs should reallocate funds to new projects whenever reallocation would reduce homelessness. Communities should use CoC-approved scoring criteria and selection priorities to determine the extent to which each project is still necessary and address the policy priorities listed in the NOFO.

NOFOs have stated that HUD would prioritize those CoCs that have demonstrated a capacity to reallocate funding from lower-performing projects to higher-performing projects through the local selection process.

Through reallocation, CoCs can create new, evidence-informed projects by eliminating projects that are underperforming or are more appropriately funded from other sources. The NOFO dictates what types of projects may be created through reallocation in a given competition.

The Continuum of Care Advisory Board, as the CoC governing body, authorizes the Collaborative Application Committee (CAC) to make decisions regarding reallocation in close partnership with the Joint Office of Homeless Services (JOHS), as the CoC Lead Agency. The CAC is comprised of members of the CoC Advisory Board who do not have a conflict of interest associated with CoC funds.

a. Voluntary Reallocation

Voluntary reallocation is when an organization decides that they want to relinquish funds in whole or in part from an existing CoC-funded project, and they work with the JOHS on what type of reallocation might be appropriate.

b. Involuntary Reallocation

Involuntary reallocation can occur due to project performance metrics, as determined by the Collaborative Application Committee (CAC). (See section *II. Involuntary Reallocation Criteria* for more details.)

1. **Project performance:** The JOHS reviews performance of existing CoC-Program-funded projects on an annual basis as part of the rating and ranking process. You can find the 2023 Rating and Ranking Process and Criteria on the CoC's website at <https://www.multco.us/johs/continuum-care-2023-renewal-projects>. The JOHS meets with lower-performing projects to discuss performance, identify strategies to improve performance, and discuss the possibility of reallocation. "Lower-performing projects" include projects that ranked in the bottom 25% of projects for two consecutive years as well as projects for which HUD recaptured 10% or more of grant funds in two or more of the past four years.

II. Involuntary Reallocation Criteria

Based on the below criteria, the JOHS makes reallocation recommendations to the CAC, and the CAC makes a final determination about reallocation of funds. If the CAC decides to reduce or eliminate an existing renewal project, Tier 1 funds are reallocated to higher performing projects based on the annual CoC solicitation process. You can find the 2023 Permanent Housing Bonus and Reallocation Project Solicitation on the CoC's website at <https://www.multco.us/johs/continuum-care-funding-opportunity>. The solicitation includes the evaluation criteria used by the CAC to select new or expanded projects to forward to HUD.

a) History of reallocation

- i. If a grant was reduced one year, this will not be apparent in spending the following year.

b) Performance and outcome measures

- i. The CoC will work with projects that scored low in the most recent local review process. The CoC will assess the project and collaborate with the project to set up goals and objectives to bring a failing project up to standards and will provide technical assistance to address the findings. If

the project continues to underperform and cannot meet the stated objectives and goals, then that project will be recommended for reallocation in the next HUD CoC NOFO process.

- ii. Performance and outcome measures considered:
 - 1. The average length of time between when program participants enter the program and when they move into permanent housing.
 - 2. The percentage of program participants who are in permanent housing when they exit the program.
 - 3. The percentage of program participants who have a subsequent episode of homelessness after moving to permanent supportive housing within 6 months.
 - 4. Impact on system performance and the CoC's Consolidated Application score.
- iii. Populations served and their barriers to housing will be taken into consideration when evaluating outcomes.
- iv. The threshold for considering reallocation is "lower-performing projects." **"Lower-performing projects"** include projects that ranked in the bottom 25% of projects for two consecutive years as well as projects for which HUD recaptured 10% or more of grant funds in two or more of the past four years.

c) **Spend-Down and Grant Management**

- i. Unspent funds and the ability to cut grants without cutting service/housing levels.
- ii. The project's ability to meet financial management standards:
 - 1. The CoC will work with grantees that have had HUD Monitoring findings that call into question the project's ability to meet financial management standards. The CoC will assess the project and collaborate with the project to set up goals and objectives to bring a failing project up to standards and will provide technical assistance to address the findings.

III. Types of Reallocation

Reallocation can take several different forms:

- a) Funding from one project (or partial funding from one project) can be reallocated into a new project operated by the same provider;
- b) Funding from one project (or partial funding from one project) can be reallocated into a new project operated by a different provider;
- c) Funding from one project (or partial funding from one project) can be reallocated into many new projects;

- d) Funding from many projects (or partial funding from many projects) can be reallocated into one new project; and
- e) Funding from many projects (or partial funding from many projects) can be reallocated into many new projects.

Renewal projects may voluntarily reallocate part or all of their funding. Low-performing projects are encouraged to reallocate.

IV. Reallocation Process:

a. Timeline

- i. Reallocation is a multi-year process.
- ii. If a project is identified as meeting criteria for reallocation, they will have one year to improve their performance outcomes and/or cost effectiveness.
 - 1. At the time of initial identification of meeting criteria for reallocation, the project will be given improvement goals for the next year. The project will also receive technical assistance to support reaching these goals.
- iii. If, after that year of working toward improvement, the project has not met its improvement goals, then project will be up for reallocation in that year's NOFO.
 - 1. Example: in the 2023 NOFO competition, a project is identified meeting criteria for reallocation. If by the 2024 NOFO they have not reached their improvement goals, JOHS will work with them on which reallocation type will be most appropriate.

Timeline example:

- August 2024: Projects are notified if they are considered *lower-performing projects* for that NOFO cycle.
- Fall 2024: Projects are supported with an Improvement Plan for their performance.
- Summer 2025: Projects are ranked in the NOFO process, and if they are a *lower-performing project* for a second year in a row, and/or if they have not met their Improvement Plan goals, they are considered for reallocation.
- Fall 2025: Projects are notified of if they are selected for involuntary reallocation for the 2026 NOFO (*Notice of Involuntary Reallocation*).

b. Reallocation options (to be determined by JOHS and CAC)

- i. The project will cease operating altogether.

- ii. Some aspects of the existing renewal project will be able to continue under the new reallocated project (e.g., staffing).

V. Appeals

For the annual CoC Competition, the CoC Project Review Panel reviews all applications and makes decisions on reallocation. Applicants may appeal the decision by following the process set forth below. All appeals must be based on the information submitted by the application due date. No new or additional information will be considered.

Omissions to the application cannot be appealed.

a) Who may appeal?

- i. Any agency may appeal an involuntary reallocation assigned to a project by the CAC.

b) Basis of Appeal

- i. An appeal must relate to the reasons for reallocation laid out in the *Notice of Involuntary Reallocation*.

c) Initiating a Formal Appeal

- i. Any agency desiring to appeal must contact Alyssa Plessner with the JOHS (alyssa.plessner@multco.us) to state its intent to appeal the CAC's decision regarding their involuntary reallocation by the date and time indicated in the *Notice of Involuntary Reallocation*.
- ii. The Formal Appeal must consist of a short, clear, written statement (no longer than two pages) of the agency's appeal of the CAC's decision. The statement can be in the form of a letter, a memo, or an email transmittal. The Formal Appeal must be transmitted to Alyssa Plessner at alyssa.plessner@multco.us.
- iii. The Formal Appeal must be emailed or delivered so that it is received by the date and time indicated in the *Notice of Involuntary Reallocation*.

d) Members of the Appeal Panel

- i. The CAC makes up the Appeal Panel, as they are already non-conflicted members of the Leadership Board.
- ii. Appeal Panel Members will not have a conflict of interest with any of the agencies or parties applying for CoC Program funding as defined by the Conflict of Interest Requirements of the Interim Rule [§ 578.95(b-d)].

e) The Formal Appeal Process

- i. The Appeal Panel will meet (by telephone or video conference or in person) with a representative(s) of the party making the appeal to discuss the issue(s) at an Appeal Hearing on the date indicated in *Notice of Involuntary Reallocation*. The Panel will then deliberate.

- ii. The Appeal Panel will inform appealing agencies of its decision by 12:00pm (noon) on the date indicated *Notice of Involuntary Reallocation*.