



Austin/Travis County Continuum of Care Reallocation Policy and Procedure

Background

The U.S. Department of Housing and Urban Development (HUD) requires that CoCs carefully evaluate and review all renewal projects and to develop a reallocation process for projects funded with CoC funds. Reallocating funds is an important tool used by CoCs to make strategic improvements to their homelessness system. Through reallocation, the CoC can create new projects that are aligned with HUD and community priorities that improve the overall performance of the local homeless system. CoCs can pursue reallocations through the annual CoC NOFA Competition in which funds for new projects are created by repurposing, eliminating or reducing funds from existing renewal projects. Reallocation is particularly important when new resources are not available to create new projects needed in the community.

This Reallocation Policy and Procedure incorporates the following general objectives to ensure alignment with HUD requirements and community priority funding:

- To ensure the CoC's responsibility in submitting to HUD an application that is consistent with HUD guidelines and the HEARTH ACT;
- To optimize CoC system performance by providing high-quality, effective programming;
- To ensure the amount to be reallocated is sufficient to fund effective program(s); and,
- To meet the housing and service needs of people experiencing homelessness outlined in the Local Funding Priorities

Reallocation Policy

Reallocation may be self-initiated by a CoC-funded agency (voluntary) or initiated by CoC Leadership (involuntary). CoC funded projects may reallocate all or part of their funding. The reallocation process will be transparent, equitable, and data-driven with an emphasis on local needs. Reallocation amounts must be sufficient in order to fund effective programming. All renewal projects are reviewed and ranked annually during the HUD NOFA Competition process according to the Review, Rating, and Ranking Policy and Procedure as adopted by the Membership Council, which can include recommendations for reallocations. .

Reallocation

During the annual CoC NOFA Competition, a participating CoC agency can choose to fully or partially reallocate funding for existing renewal projects. Requirements, eligibility, amounts, and processes differ among the types of funding. The following policies must be followed for Reallocations:

Eligible Uses of Reallocated Funds:

- The project must meet an Austin/Travis County ECHO Funding Priority as adopted by the Membership Council
- Project applicants may transition an existing renewable component (e.g., TH) to another component (e.g., PH-RRH). If a project is transitioning program components, the applicant must complete a NEW project application for the project, NOT a renewal application.
- Projects may apply for a combination of reallocation and bonus funding (if allowed during NOFA competition).
- The project must be eligible under the annual HUD NOFA.

Involuntary Reallocation

The Membership Council will consider involuntary reallocation as appropriate and as necessary per the Performance Improvement Plan Policy. CoC projects that do not meet performance expectations on Quarterly Performance Scorecards or administrative standards will be required to participate in the Performance Improvement Plan (PIP) process. Performance information reviewed by the Membership Council will be evaluated and used to determine project eligibility for renewal or if the project funds will be considered for reallocation. Decisions related to involuntary reallocations will be made in accordance with the CoC interim rule which holds each CoC responsible for the performance, fiduciary accountability and system effectiveness of each project included in its annual Collaborative Application process.

Underperforming projects are defined as those which are found during the annual performance review process, or otherwise known to not meet the following CoC funding objectives:

1. Project Capacity – Underperforming projects may include those which fail to make effective use of project capacity. This may be seen through unspent funds, untimely expenditures, or other issues which significantly impact project operations and performance.
2. Financial Management – Underperforming projects may include agencies or projects with audit findings for which a response is overdue or unsatisfactory, have outstanding funds, show a misuse of funds, or untimely drawdown of funds.
3. Performance Outcomes – Underperforming projects may show poor data quality within HMIS, unmet performance outcomes within their most recent Quarterly Performance Scorecards, APR, or rank low in the Project Review.

Projects will only be Involuntarily Reallocated, if under a Performance Improvement Policy (PIP), with the following timing:

- During the first 12 months of the PIP process, projects are eligible to apply for renewal funding in the local HUD CoC Competition
- Any agency on an active PIP will not be eligible to apply for New or Bonus Project funding, unless approved by Membership Council



- Projects that have an active PIP for period of 2 consecutive years will be reviewed for involuntary reallocation of funds
- When entering into the 2nd year, if the project has not made significant progress by the 1st Quarter presentation to the Membership Council (16 months into the PIP process), the Membership Council may recommend the project self-nominate to voluntarily reallocate renewal funds to create new projects during the CoC Competition or the project may be involuntary reallocated in the next competition cycle.

If the reallocation of funds results in the loss of assistance or housing stability for households currently being served by the program, the project must develop a transition plan with the guidance of the CoC Membership Council and ECHO.

Voluntary Reallocation

Renewal project applicants may choose to voluntarily reallocate project funds to create a new project that is better aligned with HUD funding priorities and effectiveness. CoC-funded agencies may also request reallocation if they intend to close, decrease the size of the project or otherwise fund the project from an alternate source. In order to provide incentive to all funded providers dedicated to improving system performance. Projects that voluntarily reallocate may submit a new project proposal during the local competition based on the total amount reallocated. This will take place during the NOFA application process if the agency history of capacity and performance is acceptable. If a CoC Agency chooses to voluntarily reallocate a program that is not within the funding priorities, to a program within the Funding Priorities, they will be Ranked above all other New projects.

A participating CoC Agency may choose to reallocate funding from a renewal project to a program that they would administer or the CoC agency take make those funds available for open competition for NEW projects, by forfeiting those funds.

Please note, new project proposals will be required to pass threshold review during the local competition and are not guaranteed for submission with the CoC Collaborative Application.

Projects interested in voluntarily reallocating should notify ECHO staff at NOFA@austinecho.org, in writing of their intent as soon as possible, or by the due date of HUD's Grant Inventory Worksheet (GIW). The GIW will serve as CoC Membership's tool to identify Project Applicants' intent to renew CoC funding.



TX-503 HUD COC DEOBLIGATION POLICY

This Memorandum is to detail guidance set forth by the Membership Council on CoC funded projects with a history of deobligating funds and implications for HUD Continuum of Care project application review process. This policy is to be included within the CoC Policy and Procedures.

Background

Federal funding to address homelessness in our community is a critical resource that the Austin/Travis Community depends upon to address on the on-going needs of persons and families experiencing homelessness. In 2015 and 2016 the San Antonio HUD Regional Office and HUD SNAPS National Office have informed all recipients of HUD CoC and ESG funding of the persistent issue of project grantees deobligating funding awarded at the end of their grant operating year(s). While there are challenging reasons for some grantees to fully expend their HUD awards, it is an expectation that all HUD CoC grantees commit to timely ELOCCS grant draws (quarterly) and spend all awarded funding.

Policy

All CoC funded project awards are expected to be 100% expended by the grant operating year-end. If CoC project deobligates either more than 10% of funds or more than \$50,000 of funds during the grant cycle, the project renewal budget amount may be reduced to the amount of demonstrated expenditure.

In addition, any history of deobligated HUD funding will be factored into the local CoC application



scoring process.

Projects that deobligate either more than 10% of funds or more than \$50,000 of funds will be required to participate in the Performance Improvement Plan process and to submit a PIP Agreement to identify ways to meet spending expectations to the CoC Collaborative Applicant and are expected to work directly with the HUD Field Office.

HUD has been clear that they want all of the HUD funds expended and that if a project is not expending all its funds, then the COC should consider reducing the amount of the renewal amount.