



## Austin/Travis County Continuum of Care Reallocation Policy and Procedure

### Background

The U.S. Department of Housing and Urban Development (HUD) requires that Continuums of Care (CoCs) carefully evaluate and review all projects on their efficacy furthering system performance measures towards ending homelessness. In order to receive funds for new projects, increase the likelihood of renewed funding, and ensure a high performing and efficient homelessness response system, the CoC must develop a reallocation process. Reallocation is a process that CoCs use to shift funds in whole or part from existing eligible projects to create one or more new projects, without decreasing the CoC Annual Renewal Demand (ARD). The Reallocation process allows CoCs to review project quality, performance, and cost effectiveness to allocate funds from poor performing projects to new grants. Through reallocation, the CoC can create new projects or expand existing projects that are aligned with HUD and community priorities that improve the overall performance of the local homelessness response system (HRS). CoCs are able to use the reallocation process as a tool to improve community outcomes each year leading up to and/or during the CoC NOFO Competition.

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

- To ensure the CoC's responsibility in submitting an application to HUD 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 as outlined in the community's FY2022 CoC Program NOFO Funding Priorities.

### Reallocation Policy

Reallocation refers to the process of decreasing the funds awarded to a recipient for a project from the initial award amount. This process may be self-initiated by a CoC recipient (voluntary) or initiated by the CoC Board, the Leadership Council (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 CoC Notice of Funding Opportunities (NOFO) Competition process in accordance with the Review, Scoring, and Ranking Policy and Procedure as adopted by the CoC Board, or its representative, which can include recommendations for reallocations.

### Reallocation

If funds are made available during the FY2022 CoC NOFO Competition through Reallocation, these funds must be utilized as instructed in the FY2022 NOFO and must align with the FY2022 CoC Program NOFO Funding Priorities.

### Voluntary Reallocation

CoC Recipients may choose to voluntarily reallocate funds from a current project eligible for renewal in order for additional funding beyond bonus funds to be available for New or Expansion Projects. 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.



During the FY2022 CoC NOFO, HUD has enabled recipients to transition projects from one component to another component as outlined in Section III.B.2.cc. Transition grants enable recipients to transition projects from one component to another component, so long as the recipient passes the eligibility and project quality threshold. A project must align with the community's FY2022 CoC Program NOFO Funding Priorities to be eligible for consideration.

During the FY2022 CoC Program NOFO, recipients of CoC projects eligible for renewal may choose to voluntarily Reallocate at least 5% of a project's ARD as reflected on the FY2022 Grant Inventory Worksheet (GIW). Recipients who choose to voluntarily reallocate 5% or more of a renewal project's ARD will receive 7 additional "bonus points" to the project's total Local Application Score.

Recipients interested in voluntarily reallocating all or a portion of their eligible renewal project must communicate this intent to Leadership Council and ECHO at [NOFO@austinecho.org](mailto:NOFO@austinecho.org). Written notification must include the total amount of funds being voluntarily reallocated and the reasoning for voluntary reallocation.

### **Involuntary Reallocation**

It is the responsibility of the Leadership Council, or its representatives, to maintain policies and practices which address community needs, support high performing interventions, and ensure limited housing resources make the greatest high-quality impact to assist households exiting homelessness. CoC-funded projects that do not meet the performance expectations or administrative standards of the community are required to participate in a Performance Improvement Plan (PIP) as outlined in the [CoC Program Performance Improvement Plan Policy & Procedure](#). Participation and progress on the PIP is reviewed by the CoC Board, or its representative, to evaluate and determine if a project should be partially or wholly reallocated.

Decisions related to involuntary reallocations will be made in accordance with the CoC Interim Rule and CoC Program NOFO which expect each CoC to review the performance, fiduciary accountability, and system effectiveness of the geographic area claimed by the CoC.

Projects can be subjected to the involuntary reallocation process in two instances:

1. Projects which do not demonstrate an adequate performance or administrative process as determined by the Leadership Council, or its representative, after 12 months on a Performance Improvement Plan.
2. Renewal projects, which are not first-time renewals, which deobligate more than 10% of grant funds during a grant term may be involuntarily reallocated the difference of 10% and the total deobligated amount during the subsequent CoC Program NOFO.

Renewal Projects, which are not first-time renewals, which deobligate more than 10% of grant funds, are required to provide Leadership Council with written notification including the total amount of deobligated funds and reasoning for the deobligated funds.

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 Leadership Council and ECHO.