

Texas Balance of State Continuum of Care

FY2019 Reallocation Policies and Procedures for Continuum of Care Program Funds in the Texas Balance of State Continuum of Care

Purpose of this Policy

Texas Homeless Network (THN) is the Collaborative Applicant and Continuum of Care (CoC) Lead Agency for the Texas Balance of State Continuum of Care (TX BoS CoC). THN facilitates the local application competition in the TX BoS CoC for U.S. Department of Housing and Urban Development (HUD) Continuum of Care (CoC) Program funds. The TX BoS CoC Board of Directors is required to take action against poor performing projects through reallocation. In order to ensure a transparent and equitable process, this document describes the policies and processes by which funding previously allocated to a Renewal Project is reallocated to create New Projects, including expansions to other Renewal Projects in the TX BoS CoC.

Overview of Reallocation

CoCs across the United States are required to establish performance targets appropriate for population and program type, monitor recipient and sub-recipient performance, evaluate outcomes, and take action against poor performers (24 CFR 578.7(a)(6)). Per the FY2019 HUD Appropriations Bill, HUD must give priority to Continuums of Care that reallocate resources. Reallocation is the process of distributing funding from a lower performing project and making that funding available to an existing higher performing project or a new project. Reallocation allows CoC to create one or more new projects without decreasing the CoC's Annual Renewal Demand (ARD).

Reallocation also allows for an existing project to change their current project component type, e.g., from Permanent Housing - Rapid Re-Housing or Permanent Housing – Permanent Supportive Housing, through a Transition Grant. The FY 2017 Appropriations Act established the ability of renewal projects to transition from one CoC Program component to another during the CoC Program Competition. In the 2018 CoC Program Competition, HUD made Transition Grants available. Projects will have one year to fully transition from the original component type to the new component type through the Transition Grant.

Reallocation can be voluntary or involuntary. Voluntary reallocation means that a project willingly gives up some or all of their project funding. Involuntary reallocation happens when funding is distributed from a project due to a history of de-obligated funds or poor performance based on a decision by the CoC Board.

Overview of Reallocation in the TX BoS CoC

In the FY2017 and FY2018 CoC Program Notification of Funding Availabilities (NOFA), Question 1E-4 of the CoC Application asks if the CoC had reallocated 20% of the ARD between FY2014-2018. It is likely that HUD will continue to ask this question in future CoC Competitions due to their commitment to CoC's reallocating poor performers. The TX BoS CoC reallocated 46% in this timeframe. The majority of the CoC's reallocations since 2014 were the result of reallocating remaining Transitional Housing Projects to Rapid Re-Housing projects in FY2016. This large reallocation is an irregularity; without it, the

Texas Balance of State Continuum of Care

TX BoS CoC has reallocated about 6% of funding annually. Following the logic in the FY2018 NOFA and with a four year lookback, the CoC needs to reallocate about 5%, or approximately \$300,000 of the ARD annually, to stay on track with this metric.

Reallocation Policies

Any funds made available through voluntary reallocation or involuntary reallocation will be made available to create New Projects, including expansions, during the CoC Program local competition.

1. Projects that have underspent their award by 10% or more for the current grant term **and** have not met the United States Department of Housing and Urban Development (HUD) quarterly draw-down requirement 24 CFR 578.85(c)(3) for two consecutive years will be considered for full reallocation.
2. The first \$70,000 of any funds available through reallocation will go toward a new project to expand the TX BoS CoC's HMIS Project.
3. Any remaining reallocation funds will be available to the highest scoring New Project for Permanent Housing, either Permanent Housing – Permanent Supportive Housing (PH-PSH) or Permanent Housing – Rapid Re-Housing (PH-RRH).

Voluntary Reallocation Procedure

Voluntary Reallocation

Beginning in the FY2019 NOFA cycle, THN will ask existing Renewal Projects who is interested in voluntarily reallocating a portion of or all funding made available in the previous grant cycle or voluntarily reallocating and applying for a Transition Grant to change the project component type. All Renewal Projects are eligible to voluntarily reallocate their own funding provided they meet the criteria below:

1. The Renewal Project being reallocated has been in operation for a full 24 months.
2. The request for voluntary reallocation is made by the agency's Executive Director or their equivalent to txboscoc@thn.org.
3. The Agency commits to identify placements for all participants who would be displaced as a result of a complete voluntary reallocation.
4. The Agency agrees to participate in technical assistance provided by THN, the TX BoS CoC Lead Agency, and/or a HUD designated technical assistance provider.

It is the responsibility of an impacted project to contact their assigned HUD Field Office Representative to inform them of the budget reduction and to negotiate which budget line items are reduced or about the complete reallocation of the project.

Texas Balance of State Continuum of Care

Involuntary Reallocation Procedure

Projects with poor performance, that are not serving the intended population, that have unresolved HUD monitoring findings, that have had funds recaptured, and/or are underspending during the current grant term, that have underspent their award by 10% or more for the current grant term **and** have not met the HUD quarterly draw-down requirement 24 CFR 578.85(c)(3) for two consecutive years, and/or are subject to the FY2019 TX BoS CoC Conditional Inclusion Policy may be subject to full involuntary reallocation in order to maximize future CoC Program funding for the TX BoS CoC as a whole.

TX BoS CoC Lead Agency Staff will discuss Renewal Projects that meet the criteria for Conditional Inclusion, outlined in the FY 2019 TX BoS CoC Review and Scoring Policy for HUD Continuum of Care Program Funds, with the CoC Board during Competition to determine whether the CoC Board will consider the Renewal Project for full involuntary reallocation or a year of technical assistance from CoC Lead Agency Staff through a Quality Review Plan (QRP). CoC Lead Agency Staff will present information, including the summary of technical assistance, letters of support from community members, and scorecards from current and past CoC Program Competitions to the Board. The CoC Board will make the final determination whether a project is reallocated. The CoC Board Chair will notify the agency about the final determination in writing. Project Applicants may appeal the decision per the TX BoS CoC's Grievance Procedure located in the FY2019 TX BoS CoC Request for Proposals (RFP).

*****This policy was approved by the Texas Balance of State Continuum of Care Board of Directors 5/22/2019 and made publically available at thn.org on 5/23/2019*****