

Texas Balance of State Continuum of Care

Reallocation Policy 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 process by which funding previously allocated to a Renewal Project is reallocated to create New Projects.

Overview of Reallocation

CoCs across the United States are required to monitor recipient and sub-recipient performance, evaluate outcomes, and take action against poor performers (24 CFR 578.7(a)(6)). The tool CoCs use to take actions against poor performers is reallocation. Reallocation is the process of distributing funding from a lower performing project and making that funding available for new projects without decreasing the CoC's Annual Renewal Demand (ARD)¹

Reallocation is an important tool for the CoC since the CoC must ensure that recipients are good stewards of CoC Program Funding. Per the FY2019 United States Department of Housing and Urban Development (HUD) Appropriations Bill, HUD must give priority to Continuums of Care that allocate resources effectively. Historically, HUD has monitored reallocation through a question on the CoC Application, which asks whether 20% of the CoC's ARD has been reallocated over a specific period.

Types of Reallocation

Reallocation can be involuntary or voluntary. Involuntary reallocation happens when funding is redirected from an existing Renewal Project for the purposes of creating a New Project. Involuntary reallocation happens in instances of poor performance and is determined by the CoC Board². Voluntary reallocation means that a project makes the choice to give up some or their entire project funding for the purposes of creating New Projects or to change their Project Component Type, e.g., from Permanent Housing – Rapid Re-Housing to Permanent Housing – Permanent Supportive Housing³

¹ The Annual Renewal Demand (ARD) is the amount of funding required to refund all of the eligible Renewal Projects in the CoC.

² Involuntary Reallocation is directly tied to the Policy on Conditional Inclusion [https://www.thn.org/wpcontent/uploads/2020/12/Conditional Inclusion Policy_11-18-20.pdf](https://www.thn.org/wpcontent/uploads/2020/12/Conditional%20Inclusion%20Policy_11-18-20.pdf)

³ The Projects voluntarily reallocating their project component type may apply for a Transition Grant through the Continuum of Care Program to fund the transition from an eligible renewal project being

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Reallocation Policy

THN will bring recommendations for reallocations, voluntary or involuntary, to the CoC Board prior to every CoC Program Competition.

Voluntary Reallocation Procedure

Beginning in the FY 2019 CoC Program Competition Cycle, THN asked existing Renewal Projects whether they were interested in voluntarily reallocating their funding or their 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 to ensure that no household become homeless as the result of the decision to reallocate.

It is the responsibility of an impacted project to contact their assigned HUD Field Office Representative to inform them of their voluntary reallocation.

Involuntary Reallocation Procedure

The CoC Board will make the final determination regarding how the Projects who were subject to the Conditional Inclusion Policy at the CoC Program Competition two years prior are reallocated, i.e., completely, partially, or no reallocation. The CoC Lead Agency Staff will present a variety of information to the CoC Board including a summary of technical assistance, CoC Program Competition Scorecards, Quarterly Performance Scorecards, and letters of support from community members. For example, the CoC Board will consider involuntary reallocation prior to the FY 2021 CoC Program Competition for Project Applicants subjected to the Conditional Inclusion Policy during the FY 2019 CoC Program Competition. This will allow Projects Applicants time to make changes to their project and for their data to reflect those changes.

The Director of CoC Programs will notify the agency about the final determination via email; the CoC Board Chair will be carbon copied (CCed). Project Applicants may appeal the

eliminated through reallocation from one program component to another eligible new component over a 1-year period.

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decision per the TX BoS CoC's Grievance Procedure.

*****This policy was approved by the Texas Balance of State Continuum of Care Board of Directors 11/18/2020 and made publicly available at thn.org on 12/10/2020**