

# Texas Balance of State Continuum of Care

## Competition Policies for CoC Program Funds in the TX BoS CoC

Last Updated: 10/22/25

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## *Version Updates*

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| <b>Date of Update</b> | <b>Date Approved</b> | <b>Changes Made</b>                                                                                              |
|-----------------------|----------------------|------------------------------------------------------------------------------------------------------------------|
| March 2023            | March 2023           | Initial drafts of Review and Scoring Policy, Ranking Policy, Conditional Inclusion Policy, & Reallocation Policy |
| July 2025             |                      | Updates made to Review and Scoring Policy to ensure HUD compliance                                               |
| October 2025          | October 22, 2025     | Consolidated all Competition Policies into one document; added new sections and expanded flexibility in scoring, |

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|  |  |                                                                                                                  |
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|  |  | ranking, conditional inclusion,<br>and reallocation policies.<br>Minor edits throughout for<br>clarity and flow. |
|--|--|------------------------------------------------------------------------------------------------------------------|

The TX BoS CoC Competition Policies is a working document and will be revised as needed. Please check [thn.org](http://thn.org) to ensure that this is the most recent revision.

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## *Purpose and Scope*

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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 process/competition in the TX BoS CoC for the US Department of Housing and Urban Development (HUD) Continuum of Care (CoC) Program funds consistent with the requirements in 24 CFR 578.9. To host a clear and transparent process, the TX BoS CoC has adopted the following policies related to the Review and Scoring, Ranking, Conditional Inclusion, and Reallocation of all project applications solicited for consideration during the CoC Program Competition.

### *Recusal of Conflicted Members of the TX BoS CoC Board*

**Conflicted Members** of the TX BoS CoC Board must recuse themselves from discussions and votes related to CoC Program Competition including policies, scoring, ranking, and reallocations.

For the purposes of the CoC Program Competition, **Conflicted Members** of the TX BoS CoC Board are defined as individuals who:

- are employed by, served on the board of, volunteers with, or has a financial interest in an agency or organization that is a recipient or subrecipient of CoC Program funds;
- have a familial relationship (e.g., spouse, partner, parent, child, sibling) with an individual who meets the above criteria; or
- have any personal, professional, or financial interest that could impair or reasonable appear to impair their objectivity in CoC Program funding decisions.

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## *Review and Scoring Policy*

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### *Purpose of this Policy*

To host a clear and transparent process, the TX BoS CoC has adopted the following policies related to the Review and Scoring of both Renewal and New project applications solicited for consideration during the CoC Program Competition.

### *Project Submission*

The CoC will only accept applications submitted in accordance with the Request for Proposals (RFP) associated with HUD's Notice of Funding Opportunity (NOFO). The official RFP is hosted

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on the THN website and shared via the CoC Competition Listserv.

The application submitted in e-snaps is the official version that HUD will review. All other documents or forms completed by the applicant are only for the CoC's internal review and decision-making process.

## *Project Application Reviews*

The review of Project Applications is an important function of the TX BoS CoC Competition to ensure high-quality applications are submitted to HUD for review. Project Applications are reviewed twice by TX BoS CoC Staff before being sent to the Independent Review Team (IRT) for scoring. The first review is a Threshold Review, and the second is a Quality Review. While staff make every effort to conduct a thorough review of the application and supporting documents, The Applicant is responsible for understanding the requirements of the CoC Program and are responsible for resolving any terms or conditions that may arise from their application.

## *Review Process*

### Threshold Review (Applies to Renewal AND New Applicants)

All applications will undergo a Threshold Review of basic eligibility. The eligibility requirements include, but are not limited to:

- Recipients and sub-recipients must be nonprofit organizations, states or local governments, or instrumentalities<sup>1</sup> of state and local governments, including Public Housing Authorities.
- Recipients and sub-recipients must have an active SAM Registration and UEI Number.
- The proposed Project must serve a county, or multiple counties in the TX BoS CoC.<sup>2</sup>
- The Applicant must have no outstanding delinquent federal debts.
- Applicants must have a financial management system that meets Federal standards as described at 2 CFR 200.302.<sup>3</sup>
- Compliance with RFP and NOFO requirements.

Applications that do not meet eligibility requirements cannot continue in the process. These projects will be rejected in e-snaps, and the person identified as the Authorized Representative and the Person to Contact Regarding the Application will be notified in writing

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<sup>1</sup> Go to <https://www.irs.gov/pub/irs-tege/eotopice90.pdf#page=5> to determine if your agency is an instrumentality of state or local government

<sup>2</sup> Go to <https://www.thn.org/wp-content/uploads/2025/07/TX-BoS-CoC-List-of-Counties.pdf> for a list of counties in the Texas Balance of State Continuum of Care.

<sup>3</sup> 2 CFR 200.302 [https://www.ecfr.gov/cgi-bin/textidx?SID=d162be61c988ee1d12a9584905baf964&mc=true&node=se2.1.200\\_1302&rgn=div8](https://www.ecfr.gov/cgi-bin/textidx?SID=d162be61c988ee1d12a9584905baf964&mc=true&node=se2.1.200_1302&rgn=div8)

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outside of the e- snaps platform.

## Quality Review (Applies to Renewal AND New Applicants)

All projects that pass the Threshold Review undergo a Quality Review by TX BoS CoC Lead Agency Staff to ensure compliance with HUD requirements, completeness, and consistency.

If staff identify deficiencies in the Project Application or the supporting documents during Quality Review, the appropriate parties will be notified in writing of identified deficiencies. Applicants must correct identified deficiencies and resubmit according to the timeline established by THN.

## Scoring Process

### Renewal Applications

- Renewal Applications are scored by TX BoS CoC Lead Agency staff using objective reports and system-generated performance data, and other data or narratives needed to evaluate the project
- Metrics include, but are not limited to:
  - Housing placement and retention rates
  - Income growth of project participants
  - Returns to homelessness
  - HMIS data quality
  - Fiscal and grants management history
  - Alignment with CoC's local priorities
- Renewal projects may also be considered for bonus points as outlined in the Bonus Points Policy below
- Results are used to ensure accountability and to inform ranking decisions

### New Applications

- New Applications are scored by an **Independent Review Team (IRT)**, not CoC Lead Agency staff, to ensure the highest level of objectivity when scoring New Project Applications
- The IRT is composed of trained, independent CoC members who must live or work in the TX BoS CoC geography, are not affiliated with any CoC Program-funded agency, and have disclosed any other potential conflicts of interest
- Each application is scored by two IRT members and scores are averaged
- Metrics include, but are not limited to:
  - Alignment with HUD and CoC priorities
  - Proposed service to high-need subpopulations
  - Quality and clarity of project design

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- Clear understanding of CoC Program and proposal of eligible activities
- Cost-effectiveness
- Implementation of best practices
- New projects may also be considered for bonus points as outlined in the Bonus Points Policy below
- All New Applicants will receive written notification of acceptance or rejection, including the reason for the decision

## Scoring Criteria (Applies to Renewal AND New Applications)

It is important to note that there are different performance expectations for different housing interventions (i.e., Rapid Rehousing, Permanent Supportive Housing, etc.), resulting in different scoring thresholds on scoring metrics dependent on the type of intervention applied for. Project Applications may be scored differently on the same metric for this reason.

The relevant Notice of Funding Opportunity (NOFO) may also specify additional metrics that CoCs should score Applicants on that are not reflected in this document. It is the intent of the CoC to incorporate HUDs priorities into this process, and may adopt additional objective criteria as needed, dependent on the NOFO.

All scoring materials for Renewal and New Applications will be released to the public prior to the local competition deadline.

## Renewal and New Applications Submitted by Victim Service Providers

The TX BoS CoC may make adjustments when evaluating project applications submitted by victim service providers, recognizing that these providers experience unique program outcomes. Adjustments may include, but are not limited to, adjusted criteria and/or performance benchmarks, such as:

- Modifying data requirements to account for use of comparable databases instead of HMIS
- Adjusting performance measures to reflect safety and confidentiality of survivors
- Setting alternative outcome benchmarks (e.g., prioritizing safety planning or housing stability over income growth or rapid exits)

## ***Bonus Points Policy for Renewal AND New Applications***

To ensure the TX BoS CoC can remain responsive to changing needs, service gaps, HUD policy priorities, and local priorities, bonus points may be awarded to both New and Renewal Project Applications.

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## Determination of Bonus Points

- Bonus point categories and values will be determined annually by the CoC Lead Agency in consultation with the CoC Board, based on, but not limited to:
  - Results of the most recent gaps analysis and/or system performance data
  - HUD policy priorities stated in the applicable NOFO
  - Local priorities adopted by the TX BoS CoC Board and informed by community input and system performance
  - Needs identified through TX BoS CoC membership and engagement

## Guidelines for Bonus Points

- Bonus points for New and Renewal Project Applications may differ in evaluation categories, criteria, and maximum values
- Bonus points must be tied to objective, documented needs and priorities (e.g., geographic coverage, subpopulation needs, community needs, housing types, or systemic performance priorities)
- The specific categories and point values will be published in the annual RFP or other supplemental guidance

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## ***Ranking Policy***

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### ***Overview of Ranking***

The TX BoS CoC Board of Directors is required to establish priorities for the inclusion of Projects into the Priority Listing as well as establish considerations for especially vulnerable populations. HUD requires Collaborative Applicants to rank all new reallocated, bonus, DV Bonus, and renewal project applications submitted by project applicants in two tiers. This ranking is done in the CoC's Priority Listing. The purpose of this two-tiered approach is for CoCs to indicate to HUD which projects are prioritized for funding.

Tier 1 is equal to a percentage of the CoC's Annual Renewal Demand (ARD). This amount is updated annually, and described in the Department of Housing and Urban Development (HUD) Notification of Funding Opportunity (NOFO). Tier 1 projects traditionally have been protected from funding cuts.

Tier 2 is the difference between Tier 1 and the CoC's ARD plus any amount available for bonus projects (not including amounts available for DV Bonus projects and before adjustments are made to permanent housing leasing, operating, and rental assistance budget line items based on changes to Fair Market Rent (FMR)) as described in the NOFA. Tier 2 projects have to



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compete nationally for funding. Projects placed in Tier 2 will be assessed for eligibility and threshold requirements, and funding will be determined using the CoC Application score as well as the factors listed in the NOFA.

## Ranking in the TX BoS CoC

The CoC is required to prioritize Tier 1 for the highest-performing projects or promising New Projects and must have a clear and transparent method for determining which projects rank in Tier 1, and which projects rank in Tier 2. The following sections describe past considerations for the ranking process.

## Held Harmless Projects

It is inappropriate to score certain projects. The CoC recognizes the following type of project that falls into this category: First-time Renewal Projects. First-time Renewal Projects are those that were funded as part of a prior year's CoC Program competition that are not yet under contract or are in the first operating year during the current CoC Program Competition and do not have 12 months of data to base performance analysis.

## CoC Infrastructure

Projects that support CoC Infrastructure will be included at the top of Tier 1. CoC Infrastructure supports the operation of the CoC and the implementation of CoC Program requirements, like HMIS or Coordinated Entry. To be considered CoC Infrastructure, a Project must support the entire Geographic Service Area of the TX BoS CoC.

For SSO-CE or HMIS projects that do NOT serve the entire geography, the Non-Conflicted Members of the CoC Board will determine ranking based on CoC priorities.

## *Ranking Policy*

The TX BoS CoC Board of Directors is required to establish priorities for the inclusion of Projects into the Priority Listing, with particular attention to establishing considerations for especially vulnerable populations and maximizing the CoC's overall funding potential.

While the CoC typically follows a structured prioritization model, the Non-Contested Members of the CoC Board retain discretion to adjust rankings based on strategic considerations, community needs, and the overall impact on service coverage across the CoC's 214-county geographic area.

## Tier 1

Projects are generally prioritized in Tier 1 as follows:

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- **CoC-wide Infrastructure Projects** (e.g., HMIS Renewal Project, HMIS Expansion Project, SSO-CE) are ranked first, provided that the proposed projects serve the entire CoC Geographic Service Area.
- **Renewal Projects** are ranked next, in order from highest-scoring to lowest-scoring. Lower-scoring Renewal Projects may be placed in Tier 2.
- **Held Harmless Projects** (i.e., projects in their first year of operation without at least 12 months of project data) are typically ranked at the bottom of Tier 1, based on their prior year's ranked position.
- **Discretionary Placement:** Based on CoC priorities, unmet needs, and the quality of the applicant, the Non-Contested Members of the CoC Board of Directors reserve the right to rank New Projects in Tier 1 when strategically beneficial to the community. This may include, but is not limited to, transition grants or projects that address critical service gaps.

## Tier 2

Projects typically placed in Tier 2 include:

- Remaining Renewal Projects and New Projects, including the expansion component of Expansion Projects, ranked in order based on the Project's score.
- The incorporation and ranking of New Projects-whether in Tier 1 or Tier 2-is determined at the discretion of the Non-Conflicted Members of the CoC Board.
- **Strategic Adjustments:** The Non-Contested Members of the CoC Board of Directors may consider multi-year trends when ranking Renewal Projects. Projects with a history of poor performance may be ranked lower than those with only one year of poor performance, even if the current renewal score is higher than a project that has not had performance issues in recent years.

**Note: The Tier 1 cutoff, as outlined in the CoC Program NOFO, has historically ranged from 90% to 100% of the CoC's Annual Renewal Demand (ARD). If the cutoff falls below 90%, the CoC Board reserves the right to adjust rankings to strategically preserve funding and service coverage. All ranking decisions are guided by CoC priorities, HUD-imposed funding levels, unmet needs, and the strategic value of each project to the overall CoC Consolidated Application.**

## Ranking Procedure

Once scoring<sup>4</sup> is complete, THN Staff will use the Ranking Policy above, Project scores and an Excel calculator that determines the Tier 1 lower threshold and the mathematical advantage of a given ranking scenario to create several scenarios. These scenarios will be presented for consideration to the Non-Conflicted Members of the Continuum of Care Board of Directors to approve or reject.

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<sup>4</sup> For more information on reallocation, refer to the "Reallocation Policy" section of this document.

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Non-Conflicted Members of the Continuum of Care Board of Directors, at a regular or specially called board meeting, will review the proposed rankings, the rationale, and the advantages and disadvantages of each. Once a scenario has been selected, THN will populate the Priority Listing and make it available for public review via the THN website, Social Media, and targeted email campaign no less than 2 days before the Competition deadline or as outlined in the CoC Program NOFO.

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## *Conditional Inclusion Policy*

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### *Performance Monitoring in TX BoS CoC*

Renewal Project Applicants are in a unique position in the TX BoS CoC because it is possible to measure Renewal Project performance against HUD expectations and performance benchmarks due to the presence of data. Indeed, measuring performance against CoC benchmarks and other similar projects is a primary function of the ongoing performance monitoring and the local CoC Program Competition. HUD expects CoCs to set and maintain performance metrics, evaluate outcomes, and take action against poor performers<sup>5</sup>. All CoC Program funded projects in operation in the TX Balance of State are intended to meet performance metrics, and the TX BoS CoC provides support to those that do not.

### *Conditional Inclusion Policy*

Renewal Projects may be conditionally included in the Priority Listing for the TX BoS CoC for the current Continuum of Care Program Competition if the project meet either of the following criteria:

- The project scores at or below 70% of the highest-ranking Renewal Project; or
- The project is the lowest scoring Renewal Project within its component type.

Conditional inclusion signals that a project may be subject to further review and potential involuntary reallocation in the following competition cycle. In addition to the above criteria, the Non-Contested Members of the TX BoS CoC Board of Directors reserve the right to apply discretion in determining conditional inclusion, including but not limited to considerations such as:

- Persistent underperformance or compliance concerns,
- Underutilization of resources,
- Shifts in community need or relevance of the project,

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<sup>5</sup> This is described further in the “Reallocation Policy” section of this document.

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- Strategic alignment with CoC priorities and funding goals.

THN will support conditionally included projects through the development of a **Quality Review Plan (QRP)** and the provision of technical assistance. Projects are expected to demonstrate measurable improvement in performance, compliance, and/or spending, and to actively engage in technical assistance efforts.

## *Conditional Inclusion Procedure*

Following the ranking process, the TX BoS CoC Lead Agency staff will notify projects that have been conditionally included in the Priority Listing. The TX BoS CoC Board Chair will be copied on this communication. THN will also notify the appropriate HUD Field Office Representative of the conditional inclusion status and the potential for involuntary reallocation in the subsequent competition.

Conditionally included projects will collaborate with the TX BoS CoC Lead Agency Staff to develop a **QRP** tailored to address identified performance, compliance, or spending issues. The QRP process will begin promptly following notification and will continue until the project either no longer meets the threshold for conditional inclusion or is reallocated. The structure and frequency of QRP engagement will be determined based on the specific needs and circumstances of each project.

Projects subject to conditional inclusion will receive priority for on-site technical assistance. In addition to the QRP, all projects-including those conditionally included-will complete the **Quarterly Performance Scorecard** process, which tracks performance trends over time beyond the Competition scorecard.

Projects must demonstrate meaningful progress in performance, compliance, or spending, and show a willingness to engage with technical assistance. While the CoC aims to support improvement and avoid corrective action, projects that do not make satisfactory progress may be considered for involuntary reallocation. The timing of such decisions will be based on severity of concerns, the availability of alternative providers, and the potential impact of service coverage across the CoC's geographic area. All projects subject to conditional inclusion will be reviewed by the Non-Contested Members of the CoC Board prior to any reallocation decision, and projects will be notified in advance of any meeting where reallocation will be discussed.

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## *Reallocation Policy*

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### *Overview of Reallocation*

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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)). One of the tools 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).<sup>6</sup>

Reallocation is an important tool for the CoC since the CoC must ensure that recipients are good stewards of CoC Program Funding. Per the CoC NOFO, 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*

### Involuntary Reallocation

Involuntary reallocation is when the CoC "reclaims" some or all of the renewal project funding allocated to a particular agency without the explicit consent of the Agency in control of the funds. Involuntary reallocation typically happens when funding is redirected from an existing Renewal Project for the purpose of creating a New Project.

Involuntary reallocation may result from the application of the Conditional Inclusion Policy, or in instances of Chronic underspending, defined as returning 10% or more of a project's awarded funds at the end of a project year, for two or more consecutive years.

**Discretionary Reallocation Authority:** The Non-Contested Members of the TX BoS CoC Board of Directors reserve the right to exercise discretion in determining when and how involuntary reallocation is applied. In addition to the Conditional Inclusion Policy and Chronic Underspending, this may include, but is not limited to, the following scenarios:

- Strategic alignment with CoC priorities and needs
- Multi-year patterns of poor performance or compliance issues
- Underutilization of project resources
- Shifts in community need or relevance of the project
- Serious or repeated non-compliance with CoC policies (e.g., Written Standards, Coordinated Entry)

All reallocation decisions will be made with consideration of community impact, service continuity, and the needs of populations most affected by homelessness.

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<sup>6</sup> The Annual Renewal Demand (ARD) is the amount of funding required to refund all of the eligible Renewal Projects in the CoC.

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## Voluntary Reallocation

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 Housing<sup>7</sup>. Please note that an applicant will be negatively impacted by slow or underspending in the CoC Program competition, even if that spending does not trigger Involuntary Reallocation, or the Board declines to reallocate funding from the Recipient.

### *Reallocation Policy*

THN will bring recommendations for reallocations, voluntary or involuntary, to the Non-Contested Members of the CoC Board prior to, or during, every CoC Program Competition.

## Voluntary Reallocation Procedure

THN will ask 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](mailto: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 becomes homeless as the result of the decision to reallocate.

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

## Involuntary Reallocation Procedure

Prior to each CoC Program Competition, TX BoS CoC Lead Agency staff, on behalf of the CoC

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<sup>7</sup> 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 eliminated through reallocation from one program component to another eligible new component over a 1-year period. The Notice of Funding Opportunity may limit Transition Grants in a given year.

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Board, will conduct an analysis of all existing CoC-funded projects. This review will include an assessment of performance and spending patterns, with particular attention to agencies that have returned 10% or more of awarded funds in each of the last two consecutive years.

Staff will present this list to the Non-Contested Members of the CoC Board, along with a recommendation for potential reallocation. Recommendations may range from no reallocation to an amount up to the average of the underspent amounts. Agencies identified for involuntary reallocation will be notified in advance and given the opportunity to review the recommendations and provide context or mitigating circumstances that may not be reflected in the data.

For Agencies subject to Conditional Inclusion for two or more consecutive competition cycles, staff will present a comprehensive overview to the CoC Board. This may include technical assistance history, CoC Program Competition Scorecards, Quarterly Performance Scorecards, and letters of support from community members. A recommendation for reallocation will also be provided, which may range from no reallocation to full reallocation of the Project budget. Agencies will be informed of the recommendation and given the opportunity to present additional context and mitigating circumstances prior to Board consideration.

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

Reallocation decisions will be made with careful consideration of the potential impact on service coverage, especially in areas where provider capacity is limited. The CoC recognizes, for example, that in many regions across its 214-county service area, a single provider may be the one of few entities capable of delivering essential services. As such, reallocation is approached with caution and used strategically to preserve and strengthen the overall system and protect populations most affected by homelessness.

The timing of reallocation decisions may vary depending on severity of concerns, the availability of alternative providers, and the urgency of addressing performance or compliance issues. While the CoC aims to allow time for improvement, earlier action may be taken when necessary to protect funding and service continuity.

TX BoS CoC Lead Agency staff will notify affected agencies of the CoC Board's final determination via email, with the CoC Board Chair or their designee copied. Appeals will only be considered in cases of factual error or misapplication of policy.