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COC RELLOCATION PROTOCOL

Context

Effective use of funds is essential in addressing homelessness in our Continuum of Care (CoC). There are many factors to be considered in the evaluation of the effective use of funds, such as the demonstrated impact on the outcomes related to quickly moving persons experiencing homelessness from the street to permanent housing; reducing recidivism; expanding access to housing, services and employment; meeting the needs of all households experiencing homelessness; furthering equity for groups of persons who are over-represented in or underserved in the community; supporting the CoC established plans and priorities; cost-effectiveness of the project; and benefit to the CoC. When considering renewal projects for award, the U.S. Department of Housing and Urban Development (HUD) reviews information from various sources, such as the Electronic Line of Credit Control System, (eLOCCS), Annual Performance Reports (APR), HUD Field Office information, monitoring reports and audits, prior grant performance, funds recaptured or returned to HUD, achievement of plans and goals established in the initial application, timeliness, and fiscal accountability. Management of funds is critical to the effective use of funds. HUD's threshold requirements for CoC projects include several items related to an Applicant's capacity for management of funds by reviewing the timeliness of drawdowns and expenditure of awards, inadequate financial or accounting practices, outstanding obligations to HUD, history of serving ineligible clients, expending funds on ineligible costs, or failing to spend funds within the established timeframe, and findings from Independent Audits. For renewal projects, HUD also reviews whether there is evidence that a project applicant has a history of inadequate financial accounting practices, has indications of project mismanagement, has a drastic reduction in the population served, has made project changes without HUD's prior approval or has lost a project site.

Reallocation Protocols

HUD regulations require the CoC to identify and "take action against poor performers". (24 CFR part 578). Noting that the CoC is a system of inter-connected efforts where a change in one component can impact the system overall, the leadership of the CoC has established protocols for the Reallocation of Funds before, during, and external to the Annual CoC Competition processes.

Actions Prior to the Annual CoC Competition Process

Effective evaluation of performance includes periodic or developmental activities as well as final or culminating actions. The CoC embraces both through ongoing activities and communication with agencies in the CoC system as well as annual actions to ensure the effective use of funds, such as rating and ranking, and reallocation.

Performance Review and Monitoring

The CoC policies identify an ongoing practice of agency and project monitoring. The process starts with agency self-evaluation, implementing the monitoring process, and sharing findings with the agency which, in turn, offers corrective actions. Discussions may include potential remedies for weaknesses identified, education about best practices, and provision of resources such as standard forms for ensuring compliance with regulations and requirements.

Actions During the Annual CoC Competition Process

There are several steps in the formal Reallocation Process, beginning with agency voluntary actions and moving to involuntary reallocation when it is determined to be in the best interest of the community and effective use of funds.

Self- Reallocation

Using the information the agency has gathered through review of APRs, budget expenditures, monitoring reports, and audits, the agency may identify ongoing challenges to the effective performance and use of funds for a renewal project. In this case, the agency can elect to voluntarily reallocate part or all of the project CoC funding. The agency can engage the Collaborative Applicant in this process, if it chooses to do so, or can use the Intent to Submit process to advise the CoC.

NOFO-Driven Strategic Reallocation

In accordance with HUD's annual Notice of Funding Opportunity (NOFO) requirements, the CoC retains the discretion to reallocate funding in whole or in part to align with federal priorities, newly eligible project types, or other directives outlined by HUD. The CoC may, at its sole discretion, initiate strategic reallocations to ensure compliance and competitiveness in the national CoC Competition. No project shall be held harmless or exempt from such reallocations when federal rules, funding priorities, or competition structures require adjustments. This flexibility ensures that the CoC can respond promptly to new or modified HUD guidance, including funding shifts to specific project types (e.g., PSH, RRH, TH, TH-RRH, SSO-CE, or new initiatives identified in the NOFO).

Involuntary Reallocation

Involuntary Reallocation occurs when an Applicant fails to meet the threshold review as an organization or a project fails to meet the threshold review as a project, or a project fails to meet the terms outlined in the Performance Improvement Plan. Reallocation also occurs when a project has established a pattern of underspending across multiple years.