CoC REALLOCATION PROTOCOLS

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 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[i], 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, 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 Applicant capacity for management of funds, such as 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 that a project applicant has a history of inadequate financial accounting practices, has indications of project mismanagement, has a drastic reduction in population served, has made project changes without HUD prior approval, or has lost a project site.[1]

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 Reallocation of Funds.

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 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, implements the monitoring process, shares findings with the agency which, in turn, offers corrective actions. Discussions may include potential remedies for weaknesses identified, or education about best-practices, and provision of resources such as standard form for ensuring compliance with regulations and requirements.

Agency Advisory. Each year, agencies that have monitoring or audit findings that demonstrate challenges in meeting requirements are advised to review their project operations and outcomes and consider making changes to improve performance. The CoC supports agencies in their process to make meaningful changes to their program by offering insight through training and other materials on the CoC website.

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 of 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.

Intent to Submit Review. The first formal step in the local application process is submittal of the Intent to Submit form (Intent) This form indicates whether or not an organization intends to submit projects for renewal, to consolidate or expand projects, or to apply for new projects. Once received by the Rating and Ranking Group and NOFO Team who are authorized to review the Intent forms and to offer technical assistance, if indicated, projects are reviewed for basic eligibility. Key documents, such as audits, evidence of compliance with Housing First and other thresholds are submitted for local Review with the Intent to Submit.

Threshold Review. The next step in the local process is Threshold review to ensure that the proposed projects meet HUD and local threshold criteria. The Applicant is notified if an issue is identified and if the issue appears to be a correctible deficiency, or would render the intended application ineligible for review.

Rating and Ranking. After completing the preliminary review of the Intent forms and associated documents, the Rating and Ranking group uses the Rating and Ranking Protocols (described in a separate document) to review, score, rank and make recommendations for project acceptance or rejection for inclusion in the Annual CoC Application to HUD.

Performance Improvement Plan. When a project fails to meet the performance benchmark that was set for an application, the Applicant submits a Performance Improvement of specific actions for review prior to the publicly noticed date for submittal of the CoC Application to HUD. The Rating and Ranking Group reviews the PIP prior to project submittal to HUD. Progress on the PIP or Achievement of the PIP are considered in the determination for the next round of funding.

Involuntary Reallocation. When an Applicant fails to meet threshold review as an organization, or a project fails to meet threshold review as a project, or a project fails to meet the terms outlined in the PIP, a project is subject to Involuntary Reallocation and or rejection of the project for inclusion in the CoC submittal to HUD. Applicants are notified in writing, outside of e-SNAPS of the reasons for the decision.

[i] 2022 CoC NOFO, page 23 of 102.