



## **Fayetteville / Cumberland County Continuum of Care on Homelessness (NC-511) Reallocation Plan**

### **Introduction**

The U.S. Department of Housing and Urban Development (HUD) requires that CoCs carefully evaluate and review all renewal projects and to develop a reallocation process for projects funded with CoC funds. Reallocation refers to the process by which a CoC shifts funds in whole or in part from existing CoC funded projects that are eligible for renewal to create one or more new projects. CoCs can pursue reallocations through the annual CoC Program Competition. A reallocated project must be a new project that serves new participants and has either a rapid re-housing or permanent supportive housing program design. A new reallocated project may use resources from an existing project, including staff, but it is not simply a continuation of an existing project that serves existing participants. Reallocating funds is an important tool used by CoCs to make strategic improvements to their homelessness system. Through reallocation, the CoC can create new projects that are aligned with HUD's goals, by eliminating projects that are underperforming or are more appropriately funded from other sources. Reallocation is particularly important when new resources are not available.

### **Reallocation Process**

Reallocations can only occur through the annual CoC Program competition. CoCs should not wait to make reallocation decisions only during the competition. Instead, CoCs' decisions regarding what to reallocate should be guided by the CoC's multi-year strategic plan.

Decisions regarding reallocation are best made when guided by an overall strategic plan, in which the CoC assesses existing projects for their performance and effectiveness in ending homelessness. In general, CoCs should direct funding towards projects that:

1. Serve the highest need individuals or families;
2. Help project participants obtain permanent housing as rapidly and directly from homelessness as possible;
3. Ensure long-term housing stability; and
4. Ensure the best and most cost-effective fit given a community's needs.

CoCs may use the reallocation process to create project types identified in HUD's NOFA and the local CoC's grant competition.

All renewal projects are reviewed by the Performance/Evaluation and Grant Review Committee to determine how the project performed and determine if a project should be considered for reallocation. The committee develops annual performance standards for all programs and the review of performance through periodic reviews of performance reports is integral to the evaluation process. The committee monitors all programs through review of reports and comprehensive assessment of agency capacity and ability to implement performance measure goals and objectives.

The recommendation for reallocation is based on any one of the following HUD criteria and the overall score of the project evaluation:

1. Outstanding obligation to HUD that is in arrears or for which a payment schedule has not been agreed upon;
2. Audit finding(s) for which a response is overdue or unsatisfactory;
3. History of inadequate financial management accounting practices;
4. Evidence of untimely expenditures on prior award;

5. History of other major capacity issues that have significantly impacted the operation of the project and its performance;
6. Timeliness in reimbursing sub recipients for eligible costs. HUD will consider a project applicant as meeting this standard if it has drawn down grant funds at least once per month;
7. History of serving ineligible persons, expending funds on ineligible costs, or failing to expend funds within statutorily established timeframes; or
8. Programs did not consistently meet the CoC performance measures, e.g. low score in evaluation process;
9. Programs did not provide documentation required by the CoC for a project application in the time allotted;  
or
10. Applicant choice to voluntarily reallocate all or a part of its award.

Recommendations to reallocate funds consider both HUD's policy priorities and strategic objectives and the CoC's needs and priorities, in relation to new and existing renewal project proposals, as well as performance and spending history of existing renewal projects.

### **Involuntary and Voluntary Reallocations**

Reallocation of existing CoC Program-funded projects that are eligible for renewal can be voluntary or involuntary.

#### **Voluntary Reallocation**

A recipient, as defined in 24 CFR §578.3, may voluntarily reallocate its existing project by reducing its project's annual renewal amount, as defined in 24 CFR §578.3, in whole or in part. A recipient that voluntarily reallocates its existing project and wishes to create a new project with the funds that would have been otherwise available for its existing project, may submit a new project application to the CoC.

#### **Involuntary Reallocation**

The Performance/Evaluation and Grant Review Committee will evaluate all projects requesting funding under the CoC Program Competition and determine if any projects eligible for renewal should be reduced or eliminated to develop a new project(s). A determination for involuntary reallocation will be made based on the performance criteria outlined above and summarized below:

1. Project performance, which takes into consideration the type of project and its performance relative to that type;
2. Utilization and effectiveness, which factors bed/unit operating capacity and cost effectiveness relative to project type and population served; and
3. Extent of participation in HMIS, including, but not limited to, bed coverage and data quality.

CoC Program funds made available through involuntary reallocation may be used to develop one or more new projects. Should no applicant request CoC Program funds to develop a new project, CoC Program funds made available through involuntary reallocation will remain available for the project(s) subjected to involuntary reallocation provided that the affected applicant(s) makes changes necessary to address project performance, improve utilization and/or effectiveness, and/or enhance participation in HMIS.

Through the reallocation process, the CoC ensures that projects submitted with the CoC Collaborative Application best align with the HUD CoC funding priorities and contribute to a competitive application that secures HUD CoC dollars to address and end homelessness in the CoC's geographic service area. The CoC will make decisions based on alignment with HUD guidelines, performance measures, and unspent project funds. Reallocated projects will be encouraged to seek funders that will support the contributions these projects make to the CoC.