

## **Reallocation Policy for CoC-Funded Projects St. Clair County Continuum of Care (IL-508)**

### **Overview**

Under the [Homeless Emergency Assistance and Rapid Transition to Housing Act](#) of 2009 (HEARTH), the Housing and Urban Development (HUD) reallocation process allows Continuums of Care (CoC) to reallocate funds from existing projects to provide funding for new projects with proven high-performance outcomes. It is therefore the intent of the St. Clair County Continuum of Care ([SCC CoC](#)) to develop a Reallocation Policy that is aligned with HUD and HEARTH Act policy guidance; performance-based as specified with the annual HUD Notice of Funding Opportunity (NOFO); and finally, based upon local needs, data and use of common assessment tool.

Reallocation is the process of distributing funding from projects, whether due to low performance, strategic changes, or voluntary discontinuation, making that funding available to new or more effective initiatives. It allows CoC to create one or more new projects without decreasing the CoC's Annual Renewal Demand (ARD). It is an important tool used by the SCC CoC to make strategic improvements to their homelessness system.

Each year HUD determines eligible reallocation project types in the CoC Notice of Funding Opportunity (NOFO). In accordance with [24 CFR 578.105\(b\)\(2\)](#) and [24 CFR 578.107\(b\)\(1\)\(iv\)](#) HUD authorizes CoCs to reallocate funds from underperforming, underutilized, redundant, non-cost effective, voluntarily discontinued or obsolete programs to create new projects which:

1. Meet requirements as set forth in the annual Notice of Funding Opportunity (NOFO)
2. Serve new participants, focusing on the most vulnerable chronically homeless
3. Increase local housing stock, and
4. Ensure that all resources are being utilized toward achieving the goal of ending homelessness

### **Policy**

Reallocation in SCC CoC strives to match its homeless project offerings to the needs of people experiencing homelessness within the CoC. Reallocation presents an opportunity for SCC CoC to correct imbalances between its project offerings and service needs by allowing the movement of funds in whole or in part from existing CoC-funded projects that are underutilized, not cost effective, or underperforming to new and expanded projects that serve the needs of the homelessness community. Providers with less than three years of operating time with a specific project are exempt from need and performance-based reallocation, to allow these projects sufficient time to reach and sustain full operating capacity. Moreover, any organization that has a project reduced or eliminated through involuntary reallocation may not apply for a new project in the next CoC funding cycle. This does not apply to organizations that voluntarily reallocate funding from one or more projects. SCC CoC allows three (3) types of reallocation:

1. **Voluntary.** A grantee may at any point notify the CoC that it will voluntarily reduce or eliminate funding for a project. Such notification must be delivered in writing to the CoC President and to the Collaborative Applicant, and it is not subject to approval.
2. **Gross Mismanagement and Misconduct (Involuntary).** Fraud, theft, misuse of funds, abuse of clients or others, failure to comply with requirements of the SCC CoC or HUD or refusal to participate in the corrective action plan may result in immediate reallocation.
3. **Involuntary Reallocation.**

The SCC CoC maintains full authority to reallocate funding to maximize services, address underperforming projects and effectively compete in the CoC Program Competition. The CoC may choose reallocation from any CoC project to meet its responsibility to ensure the CoC Consolidated Application aligns with HUD priorities and contributes to a competitive application to collaboratively secure funding to meet community needs. Rating results from the CoC's Rank and Review Committee will be based on performance-based scoring criteria and the identified service priorities of the CoC. All reallocation decisions must be approved by the SCC CoC Board.

Underperforming projects may be reallocated for the following reasons:

1. ***Project Capacity*** - failure to make effective use of project capacity. This may be seen through unspent funds, untimely expenditures, or other issues which significantly impact project operations and performance.
2. ***Financial Management*** - audit findings for which a response is overdue or unsatisfactory, have outstanding funds, show a misuse of funds, or untimely drawdown of funds.
3. ***Performance Outcomes*** - poor data quality within HMIS, unmet performance outcomes within their most recent APR, or low ranking in the Project Review.
4. ***Lack of Compliance with Local and Federal Project Review and Certification Standards*** - a history of serving ineligible persons, expending funds on ineligible costs, lack compliance with Housing First Standards or fail to fully cooperate in the coordinated entry process.
5. ***Local-Need*** – when a local need is better met through another project.
6. ***Loss of External Supporting Program Funds*** - loss of ancillary service or support funding and results in unmet performance outcomes or unspent funds may be slated for reallocation.

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Once it has been determined that reallocation of funding is in the best interest of the CoC, the Ranking & Review Committee Chairperson, CoC Chairperson or their designee, will notify the affected agency in writing via email of the CoC's decision. The CoC representative will explain to the affected agency the amount of the reallocation, the reason for the reallocation, if the project will continue, and how the reallocation will affect the project's renewal application and budget.

## **Appeal**

The project recipient may appeal the decision within three business days after notification. Applicants wishing to submit an appeal must do so in the form of a letter, a memo or an email to the SCC CoC Board President and must state the following:

1. Agency name
2. Project name
3. Reason for appeal (no longer than 2 pages)
4. Documentation to support the appeal

The President will present the appeal to the Executive Board members not receiving HUD CoC or ESG funding. The Executive Board (Appeals Committee) reviews all appeals and issues a final recommendation within seven (7) business days of receipt of the appeal.