



## GUILFORD COUNTY CONTINUUM OF CARE

Working to End Homelessness in Guilford County

### NC-504 GUILFORD COUNTY REALLOCATION POLICY

#### Purpose and Background

The Guilford County Continuum of Care (CoC) manages the performance of all CoC projects in the community and strategically allocates resources based on cost, performance, and outcome data to improve how resources are utilized to end homelessness. In the event it is determined that the allocated resources/funds were not utilized optimally, the CoC reserves the right to re-allocate these funds to other projects or organizations. The term "reallocation of funds" refers to the process of redirecting financial resources from one area or program to another. It involves shifting money or budgetary allocations from existing programs, projects, or initiatives to support different priorities or address changing needs.

Chronic underspending or underperformance by a project risks recapture of those funds by the federal Department of Housing and Urban Development (HUD), making those funds unavailable to the community for use in ending homelessness. Therefore, the CoC has developed this policy to provide a clear and transparent process for reallocation for the purpose of keeping these funds in our community.

#### Definitions

- a. *Chronic Underspending*: Occurs when a project that has been funded consecutively for 3 or more years fails to expend a minimum of 90% of its grant funds during each of its three most recently closed out grant years prior to the measurement date OR fails to expend a minimum of 90% of its grant funds during each of its second and third completed grant years.
- b. *Chronic Underperformance*: Occurs when a project that has been funded consecutively for 3 or more years fails to serve a minimum of 90% of the projected number of households during each of its three most recently completed grant years prior to the measurement date OR fails to serve a minimum of 85% of the projected number of households during each of its first two completed grant years, per its APR. Chronic underperformance can also occur when a renewal project does not consistently meet

performance benchmarks in the monitoring process.

- c. *CoC Funding Priorities*: HUD and local funding priorities identified in the Notice of Funding Opportunity (NOFO) and by local community data and gaps analyses.
- d. *Measurement Date*: The measurement date will be the earlier of June 1 of each year or the release date of the NOFO.
- e. *Collaborative Applicant (CA)*: The organization designated by the CoC to submit the required CoC application for all projects selected for funding, and to apply for CoC planning funds.
- f. *Recipient/Grantee*: An organizational member of the CoC that receives CoC funding for a project directly from HUD.
- g. *Renewal Project*: Organizations applying to renew funds for existing CoC Program-funded projects.
- h. *CoC Ranking and Review Committee*: The committee responsible for developing fair and transparent processes and recommending the rating and ranking for projects eligible for funding under the NOFO, Emergency Solutions Grant (ESG) recommendation, and other applicable funding opportunities designated to the committee.
- i. *Priority Listing*: A required component of the annual CoC Consolidated Application submission. The Priority Listing details the CoC's final ratings and rankings of all accepted projects (except the Planning grant) from the local competition process.

### **Projects Subject to Reallocation**

HUD wants communities to continually evaluate how to best deploy resources to end homelessness. Therefore, there is no guarantee of ongoing CoC funding for any project.

The annual NOFO is a competitive process, and the CoC Ranking and Review Committee has tools and processes in place to ensure an equitable and transparent review of applications, in accordance with community needs and priorities. The CoC Ranking and Review Committee reviews all applications received to develop the Priority Listing of projects recommended for funding. The Review and Ranking Committee will carefully consider and discuss any projects that will lose or gain funds through reallocation. The CoC Ranking and Review Committee reviews new and renewal projects based on organizational capacity, strategic priority, project

approach and design, cost effectiveness, and population served. Renewal projects will then be additionally reviewed based on performance.

Recommendations to reallocate funds consider both HUD's policy priorities, strategic objectives, and the CoC's needs and priorities. In regards to new and renewal project proposals, the CoC Ranking and Review Committee will review the performance and spending history of renewal projects to determine the reallocation of funds. The Priority Listing indicates to HUD the renewal grants which have been eliminated or reduced in funding, so as to create one or more new projects through the reallocation process.

The CoC issues a local Competition Notice for new and renewal project applications, with a deadline at least 30 days prior to HUD's Continuum of Care competition deadline. The competition notice specifies that new projects may only be funded through reallocation of funds from existing projects or through the bonus funding process. HUD strictly limits the type of projects for which reallocated or bonus funds may be used. Expansion of existing projects may also be funded through reallocation.

Any funds reallocated as part of recapturing unspent funds, voluntary, or involuntary reallocation will be made available for reallocation to create new projects during the local competition process. New projects will be ranked based on the score produced by the New Project Scoring Tool and adjusted as appropriate by the CoC Ranking and Review Committee to address the CoC and HUD's priorities and to maximize potential funding for the CoC as a whole. A one-year grace period may be extended by the CoC to providers who appeal proposed reallocation with a plan that demonstrates that the grant's expenditure will be improved in the current program year. Renewal projects that do not align with HUD and/or local funding priorities are subject to reallocation. The Collaborative Applicant will notify all projects with chronic underspending and/or underperformance and/or no longer meeting HUD and/or local funding priorities of its intent to reallocate, within 14 business days of the request date. During the first year of a three-year period, a new project will not be included in any calculations related to underspending or underperformance.

The CoC may reduce or eliminate funds from eligible renewal projects and reallocate the funds to create new projects and/or expand existing renewals.

### **Reallocation Amount**

- a. *Chronic Underspending*: If there is chronic underspending, the reallocation amount may be the greater of the average underspending for the two most recently completed grant years, or ten percent of the annual project funding. When evaluating consolidated projects for reallocation, the average underspending will include the underspending for

the projects that have been consolidated.

- b. *Chronic Underperforming*: If there is chronic underperformance as defined above, but there is no underspending, the Collaborative Applicant, together with the Ranking Committee, may recommend a reallocation amount. History of grant consolidation will be considered when determining a reallocation amount.
- c. *Reallocated Amount is \$7,500 or Less*: If the calculated reallocation amount is less than \$7,500, then no reallocation will be made.

### **Special Reallocation and Amount Rules**

- a. A project that had its grant amount reduced by the CoC's reallocation policy ("Reallocated Project") will not be subject to reallocation the subsequent year. The following year, the project would be subject to reallocation if there is chronic underspending in the 2 most recently closed out grants. The reallocation amount may be the greater of the average underspending for the two most recently completed grant years, or ten percent of the annual project funding.
- b. A reallocated project is not eligible to apply for expansion funds until the completion of its first operating year in which the funds were reallocated.

### **Voluntary Reallocation**

As part of the local solicitation for inclusion in the NOFO Competition, or other funding opportunities where applicable, CoC's are strongly encouraged to reallocate projects that are not spending their full award, underutilizing beds, underperforming, not in alignment with Housing First principles and practices, and/or with significant, unresolved findings. Such reallocated funds are pooled for reallocation to new projects and the expansion of renewal projects. Renewal projects that cannot effectively expend all project funding may choose to relinquish some, or all, of their funding as long as they commit to identify placement for any household that would be displaced as a result of the reallocation.

Interest in a voluntary reallocation should be communicated by the Renewal Project to the Collaborative Applicant as soon as possible to allow the community to plan for the reallocation process in collaboration with the CoC Ranking and Review Committee. Projects that voluntarily reallocate funding will be evaluated for chronic underspending utilizing the grant amount after voluntary reallocation.

## **Involuntary Reallocation**

Projects with poor performance, not spending their full award, not in alignment with Housing First practices, not serving the intended population, underutilizing beds or with significant, unresolved findings are subject to involuntary reallocation.

The threshold for involuntary Reallocation will be less than 75% of the top score for the current year's CoC projects. For example, if the top score is 100, the threshold to avoid involuntary reallocation will be 75. Projects scoring below the threshold will be asked to develop a plan to address performance issues by next year's competition (Performance Improvement Plan), or to voluntarily give up award money to be reallocated to a New Project. If concerns continue, projects may be involuntarily reallocated in the following cycle. Applicants may appeal the decision, and the appeal must be considered by the CoC Board.

## **Conflicts of Interest**

No member of the Ranking and Review Committee who is associated with a project impacted by this policy may participate in deliberations or vote on any reallocation decision.

## **How Funds are Reallocated**

If a project has its grant amount reduced because of the Reallocation Policy, the project budget must be adjusted by the grantee prior to the submission of the NOFO application. The reallocated funds are included in the NOFO funding amount available for new or existing projects.

*Approved by the Guilford County CoC System Performance & Evaluation Committee on 7/20/2023*

*Approved by the Guilford County CoC Board on 8/7/2023.*

*Approved by the Guilford County CoC Membership on 8/10/2023.*

*Annual review completed by the Guilford County CoC System Performance & Evaluation Committee on 6/28/2024*