



## REALLOCATION POLICY

Under the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH), the HUD reallocation process allows Continuums of Care (CoCs) to fund new projects by transferring all or a part of funds from any existing CoC grant to create a new project. A project is eligible to be funded through reallocated funds if the following apply:

- A) The project is for an eligible project type. HUD determines eligible reallocation project types in the CoC Program NOFO each year.
- B) The project meets all of HUD's threshold requirements.

### 1) Basis for Reallocation

The CoC may approve the reallocation of funds for various reasons, including:

- a. The agency operating the renewal project may choose to voluntarily reallocate CoC renewal funds, either partially or fully.
- b. The renewal project has failed to meet CoC's established threshold requirements – see the "Renewal Project Application Threshold Requirements" section of this document for the detailed description of the threshold requirements. Threshold requirements cover three general categories: application submission; financials; and compliance
- c. The renewal project has significantly underperformed as determined by the scoring tool
- d. The renewal project does not meet the CoC's established needs or priorities and/or it does not meet HUD priorities. This may include the following situations:
  - i. It is determined that the project type is no longer the best approach for meeting the needs of those being served by the CoC.
  - ii. It is determined that the project is no longer needed to meet the needs of the subpopulation served by the project.
  - iii. The housing or program model used by the project is not aligned with the CoC's or HUD's priorities.

### 2) Process for Determining Reallocations

- a. CoC-funded agencies may self-nominate to voluntarily reallocate CoC renewal funds, either partially or fully. A grantee seeking to voluntarily reallocate funding must do so in accordance with the timeline set by the CoC Lead agency in that year's application process. Notification must be sent to the CoC Lead agency in writing and include the amount to be reallocated, the reasons for reallocating, if they wish to use the funds for another eligible use, and whether they are interested in reallocating even if the funds are not returned to them. The CoC Lead agency will provide all information about voluntary reallocation requests to the CoC Board. The CoC Board will review and determine the outcome of all voluntary reallocation requests.

- b. Reallocation may occur based upon determination that the renewal project does not meet the CoC's renewal project threshold requirements and/or CoC/HUD needs or priorities. The process will be conducted as follows:
- i. As part of the annual process for renewal projects, applicants are required to supply information to the Lead Agency so that it can be determined if each renewal project meets local and federal threshold requirements. The Lead Agency will compile information from the annual review process of renewal projects and provide it to the Scoring Committee for review.
  - ii. The Scoring Committee will meet to review which renewal projects have not met the CoC's minimum threshold requirements based upon the results of the annual review process and/or no longer meet the needs or priorities of the CoC and/or HUD. Upon review and deliberation, the Scoring Committee will refer to the CoC Board the list of renewal projects recommended for reallocation and the recommended reallocation amount for each project. The recommended reallocation list must provide an explanation of the reasons why each project on the list is being recommended for reallocation, including the specific threshold requirements not met by the project(s) and/or the CoC/HUD needs and priorities not met by the project as applicable.
  - iii. A meeting of the CoC Board will be held to review the recommendations of the Scoring Committee and determine whether funds should be reallocated. The following process will be followed:
    1. Due to the time constraints involved in grant applications, voting may be handled via conference call, email, or other online medium such as Survey Monkey.
    2. Any member of the Board who is conflicted as described in the Conflict of Interest Policy shall recuse him or herself from the Board deliberation process.
    3. The CoC Board will make the final decision regarding whether to reallocate funds from the renewal project for any agency that does not meet the minimum threshold requirements and/or no longer meet the needs or priorities of the CoC and/or HUD.
    4. The CoC Board will determine the amount of the reallocation for each project subject to reallocation.
    5. All Board deliberations will be documented in meeting minutes.

### **3) Process for Use of Reallocated Funds**

- a) The CoC Board reserves the right to decide whether the reallocated renewal project funding will be made available for new projects through a competitive process or will be made available to the applicant from which the funds are being reallocated. The Board will make decisions as follows:
  - i) In the case of a voluntary reallocation or where funds are being reallocated because the project no longer meets the needs or priorities established by the CoC and/or HUD, the Board may opt to make the reallocated funds available to the same agency for another use. If this decision is made, the agency must complete a new project application by the deadline set by the CoC Lead agency to be eligible and considered for inclusion on the CoC's Priority Listing.
  - ii) If it is determined that renewal project funds will not be set aside for use by the agency from which the funds were reallocated, the reallocated funds will be released as new funds and agencies operating in Central MS will have the opportunity to apply for them. Reallocated funds may be made available through the same application process used for CoC new funds.

### **4) Recusal**

- a) The CoC Lead Agency will not participate in any discussion or deliberation about reallocation that may impact their CoC funding.
- b) No CoC-Board member with conflict will be involved in any re-allocation discussion or decision- making.

### **5) Appeal Process**

- a) Renewal project applicants are provided with an opportunity to appeal. Please refer to the "Appeals Policy" section of this document for more information.