



### Background

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. 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.

### A. Reallocation Policy

All renewal projects are reviewed by the Department of Planning, Housing and Community Development (DPHCD) and the Performance Review Committee (PRC) of the Homeless Service Provider Network (HSPN) to determine how the project performed and determine if a project should be considered for reallocation. The HSPN develops annual performance standards for all programs and the review of performance through quarterly and annual performance reports is integral to the evaluation process. The DPHCD staff monitors all programs through review of quarterly reports and comprehensive assessment of agency capacity and ability to implement performance measure goals and objectives. The DPHCD provides technical assistance to the PRC to assist in the overall evaluation process.

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.

### B. Involuntary and Voluntary Reallocations

Involuntary Reallocations are primarily based on two criteria:

- Programs that have the lowest score in the evaluation process
- Programs that have unspent funds in the most recent FY ending.

The PRC will evaluate and determine if programs will have a full or partial reallocation of funding. Well performing programs that have unspent funding will be subject to review of possible partial reallocation of unspent funds.

All funds freed through involuntary reallocations may be made available for one or more new projects. If no new project applications are submitted, funds will remain available for the original renewal projects.

Project applicants that are subject to partial involuntary reallocation must develop a plan to continue with their renewal project, with the reduced level of funding. This includes HUD contract compliance for numbers of persons served and the types of services provided. It may be possible to seek a contract amendment from HUD for some changes; applicants should contact their HUD representative to discuss any options for amendment. If the reduction in funding will result in loss of assistance for persons currently served by the program, the applicant must develop a transition plan for these persons.

### **C. Voluntary Reallocation**

For projects not listed above for involuntary reallocation, an applicant may choose to reallocate funds from an existing renewal project, to free additional funds for one or more new projects. If the same applicant wishes to apply for a new project using those same funds, the following parameters apply:

- The applicant may choose to reallocate all or a portion of their renewal funds to create the new project.
- The applicant will have “first rights” to the funds that are freed as a result.

The applicant may also choose to compete for a portion or all of the funds available to the CoC through involuntary reallocation of other projects or bonus funds.

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 New Bedford. The CoC will make decisions based on alignment with HUD guidelines, performance measures, and unspent project funds.