



## LCCoC Reallocation Policy

HUD Renewal projects may voluntarily reallocate part or all of their funding. Low-performing projects are encouraged to reallocate, and potential applicants are encouraged to apply for new projects through reallocation.

HUD expects CoCs to reallocate funds from non-and/or underperforming projects to projects addressing higher-priority community needs that align with HUD priorities and goals. Reallocation involves using funds in whole or in part from existing eligible renewal projects to create one or more new projects. HUD expects that CoCs will use performance data to decide how to best use the resources available to end homelessness within the community. CoCs should reallocate funds to new projects whenever reallocation would reduce homelessness. Communities should use CoC-approved scoring criteria and selection priorities to determine the extent to which each project is still necessary and address the policy priorities listed in the NOFO. Recent NOFOs have stated that HUD would prioritize those CoCs that have demonstrated a capacity to reallocate funding from lower-performing projects to higher-performing projects through the local selection process.

Only eligible renewal projects that have previously been renewed under the CoC Program will be considered for reallocation.

When considering reallocation, the Performance Review Panel will:

- Consider unspent funds and the ability to cut grants without cutting service/housing levels;
- Consider the history of reallocation (e.g., if a grant was reduced one year, this will not be apparent in spending the following year);
- Consider the project's performance;
  - The CoC will work with projects that scored low in the most recent local review process. The CoC will assess the project and set up goals and objectives to bring a failing project up to standards.
  - If the project continues to underperform and cannot meet the stated objectives and goals, then that project will be recommended for reallocation in the next HUD CoC NOFO process.
- Consider the project's ability to meet financial management standards;
  - The CoC will work with grantees that have had HUD Monitoring findings that call into question the project's ability to meet financial management standards. The CoC will assess the project and set up goals and objectives to bring a failing project up to standards and will provide technical assistance to address the findings.

- If the project cannot meet the stated objectives and goals or cannot address HUD findings, then that project will be recommended for reallocation in the next HUD CoC NOFO process.
- Consider specific new permanent supportive housing or rapid rehousing project(s) and specific renewal project(s) at risk of not being funded;
- Consider alternative funding sources available to support either new or renewal project(s) at risk of not being funded;
- Consider renewal HUD “covenant” concerns related to grant funds for acquisition, rehabilitation, or new construction;
- Consider the impact on system performance and the CoC’s Consolidated Application score; and
- Consider the impact on the community in light of community needs.

The impact of this policy is that high-scoring projects may be reallocated if these considerations warrant that decision.