

DRAFT Reallocation Policy – Nashville, TN CoC
Subject to annual review by the CoC Performance Evaluation Committee

Reviewed at PEC meeting on 2 August 23
&
sent to HPC for approval at August 9 meeting

The Continuum of Care Program (24 CFR part 578) is designed to promote a community-wide commitment to the goal of ending homelessness; to provide funding for efforts by nonprofit providers, States, and local governments to quickly re-house homeless individuals, families, persons fleeing domestic violence and youth while minimizing the trauma and dislocation caused by homelessness; to promote access to and effective utilization of mainstream programs by the homeless; and to optimize self-sufficiency among those experiencing homelessness. In order to ensure the Continuum of Care (CoC) funding is supporting the right programs to end homelessness, the CoC has developed systemic supports to ensure that homeless assistance is well coordinated, well managed, inclusive, transparent, and achieves positive outcomes. These system-wide supports include Coordinated Entry, Collaborative Case Conferencing, Project Monitoring and Outcome Evaluation, and a Reallocation Policy within the CoC.

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 part of funds from existing CoC grants that are eligible for renewal to create a new project. New projects created through reallocation must meet the requirements set forth in the Continuum of Care Notice of Funding Opportunity (NOFO), including project eligibility and project quality thresholds established by HUD.

The Metro Nashville CoC Planning Council will reallocate funds as needed to more effectively resolve homelessness, help households achieve stable housing, and improve CoC performance. CoC program funds may be reallocated either by a voluntary process or by a competitive system transformation process. These reallocations will be done according to the procedures outlined herein based on the recommendations of the Nashville CoC Performance Evaluation Committee (PEC).

New Project Applications Proposing to Use Reallocated Funding

- If the new project meets HUD’s CoC funding priorities, local needs, and is an eligible reallocation project type under the NOFO, the applicant will be given the opportunity to apply.
- The CoC PEC will review the local applications and make determinations regarding the acceptance and ranking of the proposed project.

The PEC has determined that any reallocation of project funding will be used to expand permanent housing options:

- New Permanent Supportive Housing (PSH) that will serve individuals with disabilities, including unaccompanied youth, and coming directly from the streets or emergency shelters. Priority will be given to projects that serve individuals and families with the highest needs and longest experiences of homelessness, including persons with extremely high rates of physical and mental health illness and substance use disorders, and projects that demonstrate strong

partnerships with housing and healthcare organizations to address this priority creatively.

- Rapid Rehousing (RRH) and Transitional Housing-Rapid Re-Housing (TH/RRH) to house and serve homeless individuals and families, including unaccompanied youth, persons coming directly from the streets or emergency shelters and/or actively fleeing domestic violence. Priority will be given to projects that serve individuals and families with the highest needs and longest experiences of homelessness; including persons with extremely high rates of physical and mental health illness and substance use disorders, and projects that demonstrate strong partnerships with housing and healthcare organizations to address this priority creatively.

- **Transition Grants**

A Transition Grant is a new CoC project designed to transition an eligible renewal project that is being eliminated through reallocation from one program component to another eligible new component over a 1-year period. Program components include rental assistance, supportive services, operating costs and leasing.

The new transition project must meet the following requirements:

- (a) the current recipient must have the consent of its CoC; and
- (b) the new project application must meet project eligibility and project quality thresholds established by HUD in the relevant NOFO.

For a new project to be considered a transition grant, the new project applicant must be the recipient listed on the current grant agreement for the eligible renewal grant(s) being eliminated.

If the new project meets HUD's CoC funding priorities, local needs, and is an eligible reallocation project type under the NOFO, the applicant will be given the opportunity to apply to HUD for the new project, and the proposal will be rated and ranked by the PEC.

I. Voluntary Reallocation

- CoC grantees are able to voluntarily reallocate CoC-funded renewal funds to enable creation of new projects.
- A Grantee seeking the ability to reallocate funding through the Voluntary process must do so by alerting the Collaborative Applicant prior to the publication of the NOFO, or in accordance with the timeline set by the CoC Collaborative Applicant very early in the annual competition. Funds to be reallocated will then be available to create new project(s).

II. Involuntary Reallocation

Projects with poor performance are subject to reallocation. Poor performance includes, but is not limited to:

- Significant unresolved independent audit or HUD/local monitoring findings;
- Project performance, which takes into consideration key HUD System Performance Measures including exits to permanency, returns to homelessness, maintenance of permanent housing, increases in participant income, successful implementation of CoC Move On strategies, and linkages to mainstream resources;

- Utilization and effectiveness, which factors bed/unit operating capacity and utilization rates, and cost effectiveness relative to project type and population served;
- Extent of participation in HMIS, including, but not limited to, bed coverage and data quality;
- Not serving the intended/eligible population; and
- Grant management, which takes into consideration underspending, timely draws, and recaptured funds.

The PEC has established a threshold for unconditional renewal at 65% of the maximum local project score, excluding bonus points. For example, if the top score is 100, the minimum threshold will be set at 65. All projects submitted for renewal applications that score above the threshold are approved for renewal without conditions.

The PEC will require projects scoring below the threshold to develop a 6-month plan to address performance issues (Performance Improvement Plan, or PIP), to be updated monthly and submitted to the PEC for review before each meeting. If, in the timeframe outlined in the PIP, the project has not made significant changes to improve its performance or meet set targets, the CoC PEC reserves the right to reallocate the project in the following CoC competition. Applicants may appeal this decision within 2 weeks of receiving notification of the proposed reallocation, and the appeal must be considered by the CoC Appeals Panel. If the Appeals Panel finds no grounds for appeal, the PEC will recommend the reallocation to the CoC Homelessness Planning Council, which approves the action.

Unspent Funds

Projects that are under-spending their grant awards are subject to the reallocation process. Projects that have expended less than 90% of their award in two consecutive program years will have their funding reduced through reallocation in the next CoC NOFO competition. A one-year grace period may be extended, via recommendation of the PEC and approved by the Metro Homelessness Planning Council, to providers who appeal the proposed reallocation with a realistic plan that demonstrates that the grant's expenditure rate will be improved in the current program year.

Proposed by CoC Performance Evaluation Committee (PEC), August 2, 2023