

Appendix G. Three County CoC (MA 507) REALLOCATION/TRANSITION PLAN

Reallocation. Reallocation is a process used by CoCs to shift funds in whole or part from existing eligible renewal projects to create one or more new projects without decreasing the CoCs ARD. New projects created through reallocation must meet the requirements set forth in Section I.B.2.b(24) & III.B.4.b(3) of the FY23 NOFO and the project eligibility and quality thresholds established by HUD in Sections III.C.5.b and c of the NOFO.

Transition. A grant to fund a new project from one or more eligible renewal projects being eliminated through reallocation from one program component to another eligible new component over a 1-year period. See page 19 of the FY23 NOFO for additional details/requirements.

To create a **Transition Grant** (see section I.B.2.b(30) of the FY23 NOFO), the CoC would wholly eliminate one or more projects and use those funds to create a single, new transition grant. *For FY23, YHDP Projects cannot be reallocated.*

Background

To ensure the strategic allocation of resources and continued progress toward the goal of ending homelessness, in 24 CFR § 578.105(b)(2) and § 578.107(b)(1)(iv), the United States Department of Housing and Urban Development (HUD) authorizes Continuums of Care (CoCs) to reallocate funds from underperforming, underutilized, redundant, non-cost effective, or obsolete programs to create new projects which:

- meet the eligibility and quality thresholds established by HUD under 24 CFR § 578.39 through § 578.63
- ☐ meet the requirements as set forth in the annual Notice of Funding Opportunity (NOFO)
- ☐ serve new participants, focusing on the most vulnerable chronically homeless and other populations identified by the local CoC and by HUD.
- ☐ increase local housing stock, and
- ☐ ensure that all resources are being utilized toward achieving the goal of ending homelessness

Under 24 CFR § 578.7(a)(6), CoCs are mandated to consult with grantees and sub-grantees to establish performance targets appropriate for their specific populations and program types; monitor grantee and sub-grantee performance; evaluate outcomes; and take corrective action where performance does not meet expectation.

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POLICY STATEMENT

Reallocation is intended to optimize CoC system performance to achieve the following objectives:

- (1) Meet housing needs for persons as identified in the Coordinated Entry System (CES)
- (2) Provide high-quality, equitable, and effective programming
- (3) Align funded programming with HEARTH Act priorities as defined in § 427 and HUD priorities as defined in 24 § CFR 576.2

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TYPES OF REALLOCATION

Reallocation may be self-initiated by a funded agency (voluntary) or initiated by the 3-County CoC Board (Continuum-initiated). Decisions related to Continuum-initiated reallocations will be made in accordance with 24 CFR 578.107(a) and (c), which hold each CoC responsible for the performance, fiduciary accountability, and strategic value of each CoC program project included in its annual Collaborative Application.

Project funding may be reallocated in the following ways:

- Funding (in whole or part) from one project into a new project by the same provider
- Funding (in whole or part) from one project into a new project by a different provider
- Funding (in whole or part) from one project into more than one new project
- Funding (in whole or part) from multiple projects into one new project
- Funding (in whole or part) from multiple projects into more than one new project

Self-Initiated (Voluntary) Reallocation - A grantee may voluntarily request reallocation of project funding if:

- (1) The grantee wishes to move funds to a new eligible project or projects,
- (2) The grantee is no longer interested in continuing a project or part of a project,
or
- (3) The grantee no longer needs CoC funding as funding becomes available through other sources.

Grantees may request the reallocation of funds by submitting written notification to the MA-507 Collaborative Applicant and HUD Field Office CoC Representative. A grantee wishing to return funds through the voluntary process must do so in accordance with federal and state requirements and develop a transition plan with the Collaborative Applicant and HUD Field Office to minimize disruption to clients whose housing is supported by CoC grant funds.

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Continuum-Initiated (Involuntary) Reallocation.

- Changes in local priorities based on HUD's annual NOFO and other identified gaps in services and housing availability;
- Inability to meet threshold requirements for annual expectations;
- Outstanding obligation to HUD that is in arrears or for which a payment schedule has not been agreed upon;
- Audit findings where response is overdue or unsatisfactory;
- History of inadequate financial management or accounting, including untimely billing responses;
- History of Underspent Funds;
- Evidence of untimely expenditures on prior award;
- History of not reimbursing subrecipients for eligible costs in a timely manner, or at least quarterly;
- History of other major capacity issues that have significantly affected the operation of the project and its performance;
- History of serving ineligible program participants, expending funds on ineligible costs, or failing to expend funds within statutorily established timeframes;
- Serious or significant concerns in serving participants in a way that does not meet the CoC's standards of expectation.
- Serious or significant privacy or security data breaches.