West Central Minnesota Continuum of Care
Working together to make homelessness rare, brief, and one-time.

# CoC Project Ranking & Reallocation Policy

West Central Minnesota Continuum of Care - 508

## 1. What is Reallocation?

*Reallocation* refers to the process by which a CoC shifts funds in whole or in part from existing CoC-funded projects that are eligible for renewal to create one or more new projects.

Under the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH), the HUD reallocation process allows Continuums of Care (CoC) to fund new projects by transferring all or part of funds from any existing CoC grant which is eligible for renewal into a new project.

Under HEARTH CoC Regulations and the Notice of Funding Opportunity (NOFO), a reallocation project can be funded if it is an eligible project component listed in the current fiscal Year NOFO and it meets all of HUD's threshold requirements.

The West Central Minnesota Continuum of Care (NE CoC) will reallocate funds granted through CoC programs as needed to more effectively resolve homelessness, help households achieve stable housing, and improve CoC performance.

## 2. What types of projects can be reallocated?

CoCs can reallocate funding from any project eligible for renewal in a competition year. The annual CoC Program Competition Notice of Funding Opportunity (NOFO) dictates what types of projects may be created through reallocation in each competition.

## 3. Competitive Reallocation

### *A. Threshold*

As part of the application process for renewal projects, applicants are required to supply information so that the CoC can determine if each renewal project will meet the minimum threshold requirements. The minimum threshold requirements are outlined in the Ranking and Scoring Criteria, as identified in the current Fiscal Year NOFO and by the WC CoC Planning & Evaluation Committee and approved by the WC MN CoC Governing Board. Any renewal project that does not meet the CoC threshold criteria to apply for funding is subject to reallocation of all project funds.

### *B. Organizational Capacity and Compliance Review*

The WC CoC will consider organizational financial stability, performance history, capacity, audit findings, and public complaints when evaluating project applications by using information available through the local competition process, including:

- Timely drawdowns and expenditure patterns
- Timely APR submission and data quality
- Responsiveness to monitoring or technical assistance
- Participation in Coordinated Entry and HMIS
- History of meeting HUD and CoC requirements
- Performance outcomes aligned with system performance measures

If concerns arise regarding an applicant's capacity to successfully operate a CoC-funded project, the Ranking & Review Committee may request additional documentation or clarification before making a funding recommendation.

### *C. Performance*

The CoC reserves the right to reallocate funding and make it available through a competitive process if a CoC-funded project is deemed to be low performing by scoring poorly in the project scoring process and/or having unsatisfactory project performance outcomes.

Low performance is determined based on scoring criteria identified by the Planning and Evaluation Committee and approved by the West Central Minnesota Continuum of Care Governing Board. Examples of low performance include:

- Receiving low scores for scoring measures related to grant performance including management of funds and system performance measures;
- Lack of improvement in areas of low performance;
- Lack of participation in the CoC Coordinated Entry System;
- Low bed utilization.

### *D. Grant Management & Expenditures*

The CoC Ranking & Review Committee may recommend that the CoC reallocate some or all of a project's funding for any project that has returned any funds from their previous grant period or appears to be at risk of returning funds in their current grant period. The Ranking & Review Committee will review funding information for the current grant term and the last three completed grant terms to identify if there is a pattern of under-expenditure. Projects will be given the opportunity to provide explanations for under-expenditure and plans or actions taken to improve spending.

In addition, a project may be subject to reallocation if any, or all, of the following are true:

- Has an outstanding obligation to HUD that is in arrears or for which a payment schedule has not been agreed upon;
- Audit finding(s) for which a response is overdue or unsatisfactory;
- History of inadequate financial management accounting practices;
- Evidence of untimely expenditures on prior award;
- 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 the established timeframes.

### *E. Competitive Reallocation Process*

If the CoC Ranking & Review Committee determines that a renewal project does not meet minimum threshold requirements, is deemed to be low performing, and/or has shown to consistently under-expend funding, the following process will be followed:

The CoC Ranking and Review Committee will notify the CoC Governing Board of all renewal projects that meet the criteria outlined in this policy for reallocation;

The CoC Ranking & Review Committee will make a recommendation to the CoC Governing Board to reallocate some or all of the project funds and/or to request that the agency work with the Planning & Evaluation Committee to develop a Performance Improvement Plan (PIP);

The Ranking & Review Committee will notify the agency of their recommendation for reallocation and/or a PIP at least 5 days before the CoC Governing Board meeting;

1. All agencies whose project(s) are subject to reallocation or a PIP will have the right to appeal using the CoC appeal process;
2. The Governing Board will use the following process for reallocation recommendations:
    a. Any member of the Governing Board whose agency receives funding through the CoC programs shall recuse themselves from the Board deliberation process.
    b. The CoC Governing Board will make the final decision whether or not to reject or reduce a renewal application and/or to require a PIP for any agency that does not meet minimum threshold requirements, is deemed to be low performing, and/or has shown to consistently under-expend funding.
    c. All Governing Board deliberations will be documented in meeting minutes.

If any renewal project application is rejected or reduced, the funds that were allocated to that project will be released for a competitive application process. Due to the time constraints involved

in grant applications, voting may be handled via conference call, e-mail, or a virtual meeting as permitted in the CoC Governance Charter.

## 4. Voluntary Reallocation

CoC grantees may self-nominate to voluntarily reallocate their CoC renewal funds as part of strategic agency changes. This includes making changes to their CoC-funded program budget, project component, service population or other major changes that are only possible through reallocation.

A. A grantee seeking the ability to reallocate funding through the strategic voluntary reallocation process must do so in accordance with the timeline set by the CoC in that year's application process and complete a new project application by the deadline set by the CoC to be eligible.

B. The CoC Project Ranking & Review Committee will review the applications and make determinations regarding the acceptance and ranking of the proposed project.

C. If the new project meets HUD's CoC funding priorities, local needs and priorities, 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 if the following are true:

    - The new project meets all threshold criteria as outlined in the HUD CoC NOFO and CoC Threshold Criteria;
    - The new project meets HUD CoC funding priorities and local needs;
    - The new project is an eligible reallocation project type under the NOFO;
    - The renewal project is not identified as poor performing and subject to competitive reallocation by the Ranking & Review Committee as outlined in the CoC Reallocation Policy.

D. If the new project does not meet HUD's CoC priorities, local needs, is an ineligible project type, or does not request the full grant amount awarded to the existing project, the funds either in total or in part not covered by the request, will be released by the CoC for a competitive reallocation process.

## 5. Project Ranking Policy

**A. Application Submission and Scoring**

Drafts of project applications will be submitted to the CoC Coordinator by a date set forth by the Coordinator. Project applications will be scored using scoring criteria recommended by the Planning and Evaluation Committee and approved by the CoC Governing Board. Scoring criteria and CoC priorities will be used to rank projects.

**B. Ranking Authority**

The Ranking & Review Committee reserves the right to rank projects based on the CoC priorities and unmet needs and the quality of a project applicant. The Ranking & Review Committee must provide a detailed explanation for any projects that ranked differently than scored.

The Ranking & Review Committee reserves the right to reject funding requests for new projects from organizations that have transferred an existing CoC grant within the past 12 months. Recent grant transfers may indicate organizational instability or capacity concerns that could affect the successful operation of a new project. The Committee may request additional information from the applicant to assess readiness and capacity before making a final determination.

**C. Tier Placement**

If the NOFO stipulates a Tier One and Tier Two Ranking System, the CoC's Renewal CoC-funded HMIS grant and renewal SSO-Coordinated Entry grant are always placed in Tier One. This placement applies **only** to the CoC Program–funded HMIS renewal grant and **does not include** any HMIS or CE projects funded through the Special NOFO (SNOFO), CoC Bonus, DV Bonus, or any new project funding sources. If a bonus grant is available and included in ranking, the bonus grant is placed at the bottom of Tier Two.

**D. Tier 1 Prioritization**

Within Tier 1, the CoC will prioritize:

1. High-performing PSH renewal projects
2. Other high-performing housing renewal projects
3. Other renewal projects meeting threshold requirements
4. Renewal HMIS and SSO-CE projects

**E. Tier 2 Prioritization**

- Within Tier 2, the CoC will prioritize projects in the following order:
- Transitional Housing (TH) Projects (New & Renewal)
- Support Services Only Projects (New & Renewal)
- Permanent Housing Projects that Primarily Serve Singles (New & Renewal)
- Permanent Housing Projects that Primarily Serve Families (New & Renewal)

- Any remaining new projects created through reallocated funds
- Any remaining new projects created through DV or CoC Bonus Funds
- Any remaining renewal projects

**F. Reallocation of Low Performing Renewal Projects in Tier 2**

Renewal projects placed in Tier 2 due to low performance will be reallocated to create new projects unless there are not enough eligible new project applications to absorb the full reallocation amount. If there are not enough new project applications, the Ranking & Review Committee may recommend partial reallocation of funds or a Performance Improvement Plan.

**G. Notification to Renewal Projects at Risk of Tier 2 Placement**

Renewal applicants whose projects are identified as being at risk of placement in Tier 2 will be notified during the local competition process. These applicants will be offered the opportunity to submit a new project proposal that better aligns with community needs, system performance priorities, and HUD funding expectations. Submission of a new project proposal is optional and does not guarantee funding.

**H. Renewal Projects Without a Full Look Back Period**

Renewal projects that did not operate for the entire lookback period used for the evaluation process will not be competitively ranked; instead, these projects will be ranked using the CoC ranking priorities identified in Sections 5D & E.

**I. Eligibility for Expansion Applications**

The WC CoC will only accept expansion applications from renewal projects that are high performing and ranked in Tier 1. Expansion requests from projects placed in Tier 2 or identified as low performing will not be accepted.

**J. Project Notification of Score & Rank**

After project applications are ranked, the conclusions of the ranking meeting are posted to the WC CoC website and applicants are notified of their proposed project score and rank no later than 15 days prior to HUD's submission deadline.

K. **Appeals**

Applicants will have an opportunity to appeal their score, rank, and/or funding award recommendation prior to approval of the ranking and reallocation recommendations by the CoC Board. The CoC Coordinator will provide applicants information about the appeal process in their notification of score and rank.

**L. Governing Board Review and Approval**

Draft proposed project rankings are presented to the CoC Governing Board. A ranking order for application submission will be voted on and approved by the CoC Governing Board prior to submission to HUD.

**M. Posting of Final Ranking**

The final project ranking list will be posted to the WC CoC website.