Ozarks Alliance to End Homelessness
HUD Continuum of Care Project Ranking and Reallocation Policy
Approved 9.8.2021

Ranking

Background: The United States Department of Housing and Urban Development (HUD) requires that Continua of Care (CoC) carefully evaluate and review all project applications as part of the annual Notice of Funding Opportunity (NOFO) for CoC Program funds, including New and Renewal projects.

The OAEH Notice of Funding Availability (NOFA) Committee conducts quarterly desk monitoring of HUD CoC funded projects' expenditures, CES participation, and System Performance Measures. The NOFA Committee is also responsible for oversight of the OAEH Rank, Review, and Selection Process for the annual NOFO process.

Policy Statement: Upon release of the NOFO each year, the OAEH NOFA Committee will establish a local competition timeline and application process, including review and ranking of projects.

Competition Timeline and Application Process

Following guidance from the NOFO, the OAEH NOFA committee will establish a local competition timeline and application process. The timeline, process, and supporting documentation (including but not limited to Ranking Criteria and Bonus Funding Priorities) will be posted publicly on the OAEH webpage at least 30 days prior to the OAEH deadline for project applications. Information/documents will also be promoted publicly as part of the OAEH Invitation for Projects.

Bonus Funding: The OAEH NOFA Committee will establish priority project components each year based on guidance in the NOFO and local needs. Eligible project components will be posted publicly on the OAEH webpage at least 30 days prior to the OAEH deadline for project applications.

First Year Renewals: First Year Renewals will receive full points for Ranking categories that are not able to be scored due to not having 12 months of project performance/participation to report.

HMIS Project: Any HMIS project that meets expenditure deadlines and is operating in accordance with the HMIS Lead Agency MOU will be ranked in Tier 1.

Project Ranking

All projects are expected to meet any threshold criteria defined in the NOFO. Projects (including new projects of any kind and renewal projects) will be ranked in order of score, based on objective criteria in the following categories:

- Agency Financials and Expenditure of HUD Funds
  - Findings from monitoring reviews/audits of CDBG, CoC, or ESG funds
  - Recaptured funding
  - Quarterly e-loccs Draws
- System Engagement
  - Participation with CoC
  - Participation with CES, including participation with HMIS
  - Utilization of a Housing First Approach

- Project Performance on System Performance Measures

Unless prohibited by the NOFO, statute, or regulation, the OAEH NOFO Committee may develop additional prioritization categories based on HUD priorities/guidance (as defined in each NOFO) and identified local need (based on data from HMIS or Comparable Data Base, Point in Time Count, Housing Inventory Chart, gaps analysis, or OAEH Strategic Plan priorities) to effectively utilize funds (specifically any available Bonus funding) to address homelessness. This could include project components, target populations, or other criteria.

Review and Selection

The OAEH NOFO Committee will review project ranking and applications for eligibility, threshold requirements, and completeness.

Tiebreaker: If projects receive the same score through the Ranking process, the project that serves an OAEH designated priority population will be prioritized for funding.

Notification: The OAEH NOFO Committee will notify all projects applications of their acceptance, reduction, rejection, and ranking in writing within the timeline established by the annual NOFO (typically 15 days prior to the HUD CoC Application Submission Deadline). The final CoC Consolidated Application, CoC Priority Listing, and Project Listings will be posted publicly on the OAEH webpage within the timeline established by the annual NOFO (typically 2 days prior to the HUD CoC Application Submission Deadline).

Reallocation

Background: The United States Department of Housing and Urban Development (HUD) requires that Continua of Care (CoCs) carefully evaluate and review all renewal projects and to develop a reallocation process for projects funded with CoC funds. Reallocation is an important tool used by CoC's 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.

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

The Ozarks Alliance to End Homelessness (OAEH) monitors all programs through review of quarterly reports to determine agency capacity and ability to implement performance measure goals and objectives. All renewal projects are reviewed by the OAEH NOFA Committee. Part of this review looks at how the projects performed. During this process, a project could be considered for voluntary or involuntary reallocation.

An agency may apply for a voluntary reallocation of funds from one project to a different project. However, the OAEH may also find it necessary to consider an involuntary reallocation. A

recommended involuntary reallocation from the OAEH NOFA Committee would require approval of the OAEH Executive Board. Approval of an involuntary reallocation would only come from the OAEH Executive Board after it has determined all reasonable attempts to resolve the concerns with the agency have failed. It is initially envisioned that an involuntary reallocation would be rare and would likely be a course of last resort. The OAEH does not take the involuntary reallocation process lightly.

The recommendation for voluntary or involuntary reallocation may be based on any one of the following HUD criteria and the overall score of the project evaluation.

- 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 impacted the operation of the project and its performance;
- 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;
- History of serving ineligible persons, expending funds on ineligible costs, or failing to expand funds within statutorily established timeframes;
- History of non-compliance with the OAEH Coordinated Entry System Policies and Procedures; or,
- Programs did not consistently meet OAEH's performance measures.

However, ranking near or at the bottom of performance measures or project evaluation scores will not lead automatically to involuntary reallocation.

Voluntary and Involuntary Reallocation

Voluntary Reallocation: An agency may apply for a voluntary reallocation of funds from one project to a different project. An applicant may choose to reallocate funds from an existing renewal project to free additional funds for one or more new or existing projects. The OAEH encourages all renewal projects to consider reallocation, if appropriate, to better align the project with HUD CoC and local OAEH goals, to enhance the OAEH System of Care to meet the needs of those who are homeless in the Springfield/Greene, Christian and Webster county region.

Involuntary Reallocation: The OAEH may find it necessary to consider an involuntary reallocation for any number of challenging reasons, as noted above in this policy. A recommended involuntary reallocation from the OAEH NOFA Committee would require approval of the OAEH Executive Board. Approval of an involuntary reallocation would only come from the OAEH Executive Board after it has determined all reasonable attempts to resolve the concerns with the agency have failed.

Involuntary reallocation is intended to be a rare process and would likely be a course of last resort. The OAEH does not take the involuntary reallocation process lightly.

While other criteria may be considered, it is initially envisioned that involuntary reallocations will be primarily based on three criteria:

1. Projects that have the lowest scores in the evaluation process
2. Projects that have 10% or greater unspent funds over the past (3) years. Percentage of funds unspent and history of recaptured funds may be considered.
3. Projects that do not meet HUD statutory, regulatory, threshold, and compliance requirements, as reported through HUD findings, as outlined in the CoC Program Interim Rule

<u>Reallocation Project Eligibility</u>

A reallocation project is eligible for consideration to be funded if the following apply:

- The reallocation project is for an eligible project type. HUD determines eligible reallocation project types in the CoC Notice of Funding Opportunity (NOFO) each year.
- The reallocation project meets all of HUD's threshold requirements