

Charlotte-Mecklenburg Continuum of Care Reallocation

Process (Updated from 7/10/2019 version)

CoC Board APPROVED 04/22/2021

1. Purpose and Background

The Charlotte-Mecklenburg Continuum of Care (CoC) manages the performance of all CoC projects in the community and reallocates financial resources to improve the CoC's capacity to end homelessness. The CoC encourages new and existing providers to apply for new projects each fiscal year in accordance with identified community priorities, strategies and resource gaps. Chronic underspending or underperformance by a project risks recapture of those funds by the federal Department of Housing and Urban Development, making those funds unavailable to the community for use in ending homelessness. Therefore, the CoC has developed this policy to provide rules that govern the process for reallocation.

2. Definitions

- a. **Chronic Underspending.** Chronic underspending occurs when a renewal project fails to expend 90% or more of its grant funds during each of its three most recently completed grant years as stated in the grant agreement prior to the measurement date OR fails to expend 88% or more of its grant funds during each of its two most recently completed grant years.
- b. **Chronic Underperformance.** Chronic underperformance occurs when a renewal project fails to serve 90% or more of the projected number of households during each of its three most recently completed grant years prior to the measurement date OR fails to serve 85% or more of the projected number of households during each of its two most recently completed grant years, per its APR.
- c. **Request Date.** Agencies will need to provide the number served and number proposed to serve from their application. The request date will be the earlier of June 1 of each year or the release date of the Notice of Funding Award (NOFA). Collaborative Applicant will provide the Ranking Committee with the quarterly spending report from HUD to determine any underspending.
- d. **Collaborative Applicant (CA).** The CA is the organization designated by the CoC to submit the required CoC application for all projects selected for funding, and to apply for CoC planning funds.
- e. **Recipient.** A recipient is an organizational member of the CoC that receives HUD CoC funding for a project directly from HUD.
- f. **Ranking Committee.** A CoC Committee responsible for developing fair and transparent processes and recommending the ranking for projects eligible for funding under the CoC Program and Emergency Solutions Grant Program.

3. Effective Date

This policy is effective as of June 1, 2021.

4. Projects Subject to Reallocation

There is no guarantee of on-going CoC funding for any project because HUD wants communities to continually evaluate how best to deploy resources in order to end homelessness. The annual Notice Of Funding Awards is a competitive process, and the CoC Ranking Committee has tools and processes in place to ensure an equitable and transparent review of applications, in accord with community needs and priorities. Renewal projects that are determined to have chronic underspending or underperformance as defined in Section 2. above will be subject to reallocation. The Collaborative Applicant will notify all projects with chronic underspending and/or underperformance of its intent to reallocate, within 14 business days of the request date. The first year of a new project will not be included in any calculations related to underspending or underperformance.

5. Reallocation Amount

If there is chronic underspending, the reallocation amount may be the **greater** of the average underspending for the two most recently completed grant years, or ten percent of the annual project funding.

If there is chronic underperformance as defined in Section 2. above, but there is no underspending, the Collaborative Applicant, together with the Ranking Committee, will recommend a reallocation amount. At a minimum, the reallocation amount shall be **no less than** 10 percent of annual project funding. History of grant consolidation will be considered when determining a reallocation amount.

6. Voluntary Reallocation

Renewal projects that cannot effectively expend all of their funding may choose to relinquish some or all of their funding for the purpose of creating new projects in the community as long as they meet these criteria:

- a. They have operated for a minimum of 12 months, and
- b. They commit to identify placement for any household that would be displaced as a result of the reallocation.

Interest in a voluntary reallocation should be communicated by the Renewal Project to the Collaborative Applicant as soon as possible in order to allow the community to plan for new project applications.

7. Transition Year Deferral

For the 2021 NOFA only, if a project has spent at least 85% of its allocation for each of the past two project periods or served at least 85% of its projected participants, the project will be granted a one year deferral of the application of this policy. Project recipients will be notified of this one-year deferral so that they may be given the opportunity to fully expend their current grants or serve their targeted number of participants.

8. Waiver Request

A renewal project may request a one-year waiver of the reallocation within 5 business days from the receipt of the reallocation notice under the following circumstances:

- a. The recipient has not been granted a waiver within the last two years, and

- b. The project recipient has a detailed plan in place to fully expend the funds for the current grant year and the drawdown activity for the current grant year can clearly demonstrate that the grant will be more than 90% expended.

The waiver request should be made to the Collaborative Applicant, and should include at a minimum a detailed corrective spending plan and projections of future drawdown activity. The CA, together with the Ranking Committee, will review the waiver request and make a decision within 5 business days of the waiver request.

9. Conflicts of Interest

No member of the Ranking Committee who is associated with a project impacted by this policy may participate in deliberations or vote on any reallocation decision.

10. How Funds are Reallocated

If a project has its grant amount reduced as a result of this Policy, the project budget must be adjusted by the recipient prior to the submission of the NOFA application.

The reallocated funds are included in the NOFA funding amount available for new or existing projects.

The Notice for Letters of Intent, Notice of Project Process Competition, New Project Application Scorecard and Renewal Project Application Scorecard are posted annually by the Collaborative Applicant at: www.charmeckcoc.org

This policy replaces the Reallocation Process dated July 10, 2019