

Policy on: COCHB - Reallocation Effective: 6/24/26

Approved by Executive Board:

Date: 6/24/26

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### Background

The United States Department of Housing and Urban Development (HUD) requires Continuums of Care to develop a reallocation process for projects funded with Continuum of Care (CoC) funds. This process could provide funding for new projects.

Reallocating funds is an important tool for the Circle of Caring to make strategic improvements to its homelessness system. Through reallocation, the Continuum can create new, evidence-informed projects and eliminate projects that are underperforming, no longer align with HUD's priorities and objectives, or are more appropriately funded with other sources. The CoC may decide to reallocate all or part of the funding for a renewal project.

The Collaborative Applicant through project monitoring will make a recommendation to the Executive Committee for reallocation. Reallocation will occur in a transparent, universal and performance-based manner. The Collaborative Applicant may reallocate or adjust individual projects up or down in the ranking to fulfill HUD and/or local priorities, prevent loss of funding, and maximize the Continuum of Care's application score.

### Review Criteria

All renewal projects are reviewed annually by the Executive Committee to determine if any project should be considered for reallocation.

The recommendation for reallocation can be based on any one of the following HUD criteria:

1. Fiscal, Management and Capacity Issues
  - a. Outstanding obligation to HUD that is in arrears or for which a payment schedule has not been agreed upon;
  - b. Audit finding(s) for which a response is overdue or unsatisfactory;
  - c. History of inadequate financial management accounting practices;
  - d. History of other major capacity issues that have significantly affected the operation of the project and its performance;
  - e. History of serving ineligible program participants, expending funds on ineligible costs, or failing to expend funds within statutorily established timeframes.
2. Project Performance: Each CoC-funded program will be evaluated based on their project application and data entered in the Homeless Management Information System (HMIS) and compiled in the HUD Annual Performance Report (APR).

Preference will be given to those projects that reallocate to create new Transitional Housing, Supportive Services Standalone, and Supportive Services Street Outreach projects.

All Reallocation decisions must:

- Show consistency with HUD guidelines
- Ensure the amount to be reallocated is sufficient to fund an effective program(s)

#### Involuntary Reallocation

Continuum of Care Executive Committee will also consider involuntary reallocation if projects are not meeting performance measures.

Projects that do not meet performance standards will be notified and will be required to submit a plan of correction.

Progress will be monitored quarterly and if project performance does not improve after a year, the CoC Executive Committee will recommend involuntary reallocation of funds to a project that supports the CoC's goals.