

TX-601 Grant Reallocation Policy

For FY2023 CoC Program funding, HUD will prioritize those CoCs that demonstrate a capacity to reallocate funding in the FY2023 CoC Program Competition or have reallocated a total of at least 20 percent of the CoC's total ARD between FY 2015 and FY 2022 from lower performing projects to higher performing projects as demonstrated through the CoC's local selection process. TX-601 uses local data to determine the characteristics of individuals and families with the highest needs and longest experiences of homelessness in order to develop housing and supportive services tailored to their needs through the CoC competition. TX-601 uses the reallocation process to create new projects that improve the overall system performance and better respond to the community need. The policy below is in response to HUD's recommendation to reallocate low performing and underspent projects.

Types of Reallocation:

To meet HUD and community priorities, CoC programs that are not housing first, demonstrate low performance, or have a high recapture rate may be reallocated to fund higher-performing or new projects. TCHC will offer technical support and acknowledgment letters for agencies who voluntarily reallocate their grant awards. There are three types of reallocation.

Voluntary Reallocation

Voluntary reallocation is an act of permanently surrendering HUD grant funds for part of, or a whole project; these funds are then available for new project applicants or expansion projects to apply for. Voluntary reallocation happens when an agency determines their project is not meeting local needs, does not have the capacity to continue the project, or the reduction of the project would better serve the CoC.

Currently funded CoC project applicants interested in voluntarily reallocating should notify TCHC in writing by emailing of their intent to voluntarily reallocate within 7 days of the release of the CoC Local Competition RFP. Emails should be sent to CoCPlanningDepartment@ahomewithhope.org.

As noted by HUD, voluntary reallocation does not guarantee the agency will be chosen to operate a new eligible project utilizing the reallocated funds.

Reallocation to Transition (Transition Grants):

Currently funded CoC projects may reallocate their funding to transition an eligible renewal project from one program component to another eligible new component over a 1-year period.

The new transition project must meet the following requirements:

- (1) transition grants in this Competition are eligible for renewal in subsequent fiscal years for eligible activities of the new component;
- (2) to be eligible to receive a transition grant, the current recipient must have the consent of its Continuum of Care;
- (3) the new project application must meet project eligibility and project quality thresholds established by HUD in the Competition NOFO.

Currently funded CoC project applicants interested in reallocation to transition should notify TCHC in writing by emailing of their intent to reallocate within 7 days of the release of the CoC Local Competition RFP. Emails should be sent to CoCPlanningDepartment@ahomewithhope.org.

For more information regarding transition grants: [Transition Project Requirements for the CoC Program Competition - HUD Exchange](#)

Involuntary Reallocation:

Projects that do not meet competition threshold and the lowest 20% of ranked renewal projects will be evaluated by the Ranking & Review Committee for possible reallocation, in whole or in part. Involuntarily reallocation funding will be used to fund new or expansion projects that meet the needs of the CoC. When determining involuntary reallocation, the Ranking & Review Committee will compare performance data from the following categories:

Performance

Renewal projects will be assessed on their project quality and ability to meet performance outcomes such as occupancy rates, participant income growth, successful exits, and cost efficiency. Projects with the lowest performance rates may be reallocated to higher performing projects or new projects.

Spending History

HUD assumes that projects will spend 100% of the funds allocated to them. Projects that fail to spend the total grant award may see a decrease in funding as those funds are added to the pool of funds available for reallocation to other projects. Projects that have a high recapture rate for two consecutive program years, may be reduced to the amount disbursed at the end of the 12- month review. An exception to this policy may be made for new projects that could not expend funds due to implementation barriers.

HMIS Participation

HMIS participation is required to meet HUD renewal project threshold requirements. Non-HMIS providers must use a comparable database that meets the needs of the local HMIS to meet this threshold. The midterm performance review along with data quality reports will be examined to determine if agency participation in HMIS is adequate. Projects with a data error rate of 10% or more will be placed on a data error plan to correct existing errors and prevent future occurrences. The data error plan will consist of a series of required data quality workshops for users within the project. Projects that do not meet threshold requirements or have the highest rates of data errors may be reallocated to higher performing projects or new projects.