

# TUCSON PIMA COLLABORATION TO END HOMELESSNESS CONTINUUM OF CARE (CoC) PROJECT REALLOCATION POLICY REVISED – JANUARY 4, 2021; May 23, 2023, June 15, 2026

**BACKGROUND** The U.S. Department of Housing and Urban Development (HUD) requires that CoCs carefully evaluate and review all renewal projects and to develop a reallocation process for projects funded with CoC funds. Reallocating funds is an important tool used by CoCs 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.

**SCOPE** Recipients and subrecipients of CoC Program funds.

**AUTHORITY FOR POLICY** Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act, Code of Federal Regulation (CFR) for the CoC Program 24 CFR Part 578.

## 1. PURPOSE

1.1. On behalf of the Tucson/Pima County Continuum of Care (CoC), the TPCH Board is authorized to make all final decisions pertaining to pursuit, contract, and allocation of funding and will determine the need for reallocation based on analysis of data and outcomes. The System Performance and Monitoring Committee will annually review the option of reallocation of HUD CoC funded resources. The reallocation process will be communicated throughout the entire CoC area via email and website posting and will encourage both new and existing providers to apply for new projects through reallocation. Reallocation shall have the intent to achieve one or more of the following objectives:

1.1.1. To meet housing needs for persons as identified in the Coordinated Entry process;

1.1.2. To make homelessness in Pima County rare, non-reoccurring, and of short duration;

1.1.3. To optimize CoC system performance by providing high-quality, effective programming

1.1.4. To align funded programming to be consistent with the HEARTH Act, HUD guidance, and HUD policy priorities;

1.1.5. To contribute to the HUD competitive consolidated application process; and/or

1.1.6. To strengthen collaboration within the homeless services system.

1.2. Reallocation may be self-initiated by a funded agency (voluntary) or initiated by the TPCH Board (involuntary). Decisions related to involuntary reallocations will be made in accordance with the COC interim rule which holds each CoC responsible for the performance, fiduciary accountability and strategic value of each CoC program project included in its annual Collaborative Application. The reallocation process will be transparent, equitable and data-driven with an emphasis on local needs. Reallocation amounts are to be sufficient as to fund effective programming.

## 2. REALLOCATION POLICY

- 2.1. Each CoC project is reviewed annually by the System Performance and Monitoring Committee to determine how the project performed and determine if a project should be considered for reallocation based on current community needs and gaps; performance as measured through quarterly performance reports, HUD Annual Performance Reports, and CoC Administrative Review; and any other extenuating circumstances as deemed appropriate by the Committee and/or CoC Board. In addition, the CoC Board may initiate reallocation based on any of the following criteria:
  - 2.1.1. Outstanding obligation to HUD that is in arrears or for which a payment schedule has not been agreed upon;
  - 2.1.2. Audit finding(s) for which a response is overdue or unsatisfactory;
  - 2.1.3. History of inadequate financial management accounting practices;
  - 2.1.4. Evidence of untimely expenditures on prior award;
  - 2.1.5. Evidence of noncompliance with HUD and/or CoC policies, including coordinated entry and written standards for assistance;
  - 2.1.6. History of other major capacity issues that have significantly impacted the operation of the project and its performance;
  - 2.1.7. 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;
  - 2.1.8. Any other requirements or recommendations indicated by HUD through annual Notice of Funding Availability, CPD Notices, or other communications;
  - 2.1.9. The need to overall system performance.

### **3. VOLUNTARY REALLOCATION PROCESS**

- 3.1. CoC funded agencies will notify the Collaborative Applicant of their intent to voluntarily reallocate as soon as possible and no later than deadline for the annual Intent to Renew Form that precedes each annual funding competition. Voluntary reallocation that is based on previously unknown information contained in the HUD Notice of Funding Availability will be permitted. Funded agencies may voluntarily reallocate through a transition grant, utilizing all or part of the project funds for a new project, or by releasing project funds for local competition.

### **4. INVOLUNTARY REALLOCATION PROCESS**

- 4.1. The Continuum of Care maintains full authority to reallocate funding to maximize services, effectively compete, to ensure full utilization of federal CoC funds, and/or to address underperformance and underspending. The CoC may choose reallocation from any CoC project to meet its responsibility to ensure the CoC Consolidated Application best aligns with HUD priorities and contributes to a competitive application to collaboratively secure funding to meet community needs. Decisions will be made prior to or during the process of preparing an application for funds. Reallocation will be recommended by the System Performance and Monitoring Committee to the TPCH Board with input from the Collaborative Applicant and HMIS Lead. All reallocation decisions must be approved by the TPCH Board.

- 4.2. Once it has been determined by the Board that reallocation of funding is in the best interest of the CoC, the Collaborative Applicant will issue a written notice of this decision to the project recipient to discuss how the reallocation will occur and the timing of any project funding reallocation.
- 4.3. Funds released through involuntary reallocation will be available for competition by all applicants in the annual local funding competition.
- 4.4. Once the TPCB Board votes to reallocate funds from an underperforming project, the agency no longer has the option to voluntarily reallocate funding from that project. Involuntary reallocation does not preclude an agency from applying for funds reallocated from their project during the annual funding competition.
- 4.5. It is the CoC's responsibility to strategically determine how to best use the resources available to end homelessness within the community; the CoC may reallocate funds from projects which are seen as underperforming. Underperforming projects are defined as those which are found during the annual performance review process, or otherwise known to not meet the following CoC funding objectives:
  - 4.5.1. Project Capacity – Underperforming projects may include those which fail to make effective use of project capacity. This may be seen through unspent funds, untimely expenditures, underutilization of beds/units, or other issues which significantly impact project operations and performance.
  - 4.5.2. Financial Management – Underperforming projects may include agencies or projects with audit findings for which a response is overdue or unsatisfactory, show a misuse of funds, or untimely drawdown of funds.
  - 4.5.3. Underspending - Projects will be subject to involuntary reallocation due to underspending when:
    - 4.5.3.1. The project has an unexpended balance of more than 10.00% in both of the immediately preceding project years; and/or
    - 4.5.3.2. The project has an unexpended balance of \$25,000 or more in both of the two immediately preceding project years.
    - 4.5.3.3. If either of the above conditions are met, the amount to be involuntarily reallocated from the project shall be the lesser of unexpended balances from the two immediately preceding years.
  - 4.5.4. Performance Outcomes – Underperforming projects may include those with unmet performance standards as identified through quarterly performance reports, and/or unresolved performance improvement plans.
  - 4.5.5. Lack of Compliance with Local and Federal Project Review and Certification Standards – Underperforming projects may include those with a history of serving ineligible persons, expending funds on ineligible costs, lack compliance with Housing First Standards or fail to fully cooperate in the coordinated entry process.
  - 4.5.6. Local Need – Projects may be slated for reallocation when local data indicates that existing community need will be better met through another project.

4.5.7. Loss of External Supporting Program Funds – Projects which are unable to fully meet CoC objectives due to loss of ancillary service or support funding and results in unmet performance outcomes or unspent funds may be slated for reallocation.

APPROVED