

[Reallocation Policy for CoC Funding]

BACKGROUND

As the lead administrator and collaborative applicant for the Pasadena Continuum of Care (CoC), also known as the Pasadena Partnership to End Homelessness (Pasadena Partnership), the City of Pasadena submits the annual CoC Consolidated Application to the U.S. Department of Housing and Urban Development (HUD) on behalf of the CoC. HUD expects communities to use the reallocation process to ensure that funding for the CoC program is competitive. Reallocation is a process CoCs use to shift funds in whole or part from existing eligible renewal projects to create one or more new projects without decreasing the CoC's Annual Renewal Demand (ARD). The goals of the reallocation process include helping communities progress toward improving system performance, ensuring high standards for performance outcomes, and ensuring effective use of limited funding. CoCs receive a score each year through the CoC Consolidated Application, which determines the order in which CoCs are funded and competitiveness for renewal and new funding. Part of the score is based upon the CoC's use of the reallocation process. Reallocated funds can be used to create new projects, eliminate under-performing projects, shift projects to other, more appropriate funding streams, ensure the CoC inventory matches local need, and provide HUD-mandated Coordinated Entry services and the Homeless Management Information System.

OVERVIEW

As the decision-making body for the Pasadena CoC, the Pasadena Partnership Board is responsible for decisions regarding reallocation. The Pasadena Partnership actively encourages new and existing providers to apply for new projects through reallocation. Decisions about reallocation are formally voted on by the Board and are based on a thorough analysis of project performance, grant utilization, as well as local need. CoC renewal projects are reviewed no less than annually by CoC staff and the Board to identify opportunities for reallocation. Projects are assessed on funding utilization, housing retention, system performance measures, annual performance reports, and other factors.

VOLUNTARY REALLOCATIONS

Voluntary reallocations (partial or full) are initiated by a renewal project applicant. Voluntary reallocation decisions can be made at any point during the operating year and must be formalized in writing. Voluntary reallocations may also be identified by the project operator in the Declaration of Intent to Renew process for renewal projects.

INVOLUNTARY REALLOCATIONS

Involuntary reallocation includes any renewal projects that are entirely eliminated or that have their funding reduced by the CoC. The CoC may pursue involuntary reallocation for renewal projects for multiple reasons, including but not limited to two or more years of consecutive, significant underspending, scoring very low during the CoC renewal application process, non-submission of a project renewal application, or non-compliance with federal or other statutory CoC Program regulations. The CoC may also pursue involuntary reallocation of any renewal project when it is necessary to meet the requirements of a CoC Notice of Funding

Opportunity (NOFO) with the exception of projects that support CoC requirements (i.e., HMIS grant).

REALLOCATION EXEMPTIONS

1. **New Projects in Operation for Fewer than Two Years:** Projects in operation fewer than two years are exempt from the reallocation process to allow projects sufficient time to ramp up and reach full operating capacity. Projects will continue to be exempt from reallocation until they have been in operation for two or more years.
2. **Recently Reallocated Projects:** Projects either voluntarily or involuntarily reallocated during the most recent CoC competition are exempt from further reallocation due to underspending during the two subsequent CoC competitions. Projects may still be considered for reallocation due to factors unrelated to grant utilization, including poor performance, non-compliance with regulations, etc.
3. **Recently Consolidated Projects:** Projects that were consolidated in the most recent CoC competition are exempt from reallocation in the subsequent competition.
4. **Projects Undergoing Consolidation:** Projects being consolidated during the current competition are exempt from reallocation during that competition. The CoC Board has the discretion to approve or deny consolidation requests.

If reallocation is necessary to meet the requirements of a CoC NOFO, no project is exempt from reallocation except for projects that support CoC requirements (i.e., HMIS grant).

REALLOCATION PROCESS

Any decision to reallocate is finalized by a majority CoC Board vote. The Board may make reallocation decisions before the opening of or during an open CoC Program competition. The Board will review all renewal projects and will consider fully or partially reallocating funding for projects that are not exempt from reallocation and have either:

- 1) Spent less than 80% on average of its awarded funds over the past two program years; or
- 2) Received 60% or fewer of the total available points in the most recent renewal application.

If a renewal project falls below thresholds established in either 1 or 2, the CoC Board will either:

- A. Direct the Collaborative Applicant (City staff) to establish measurable improvement goals with project operator/sub-recipient within 60 days of the CoC competition closing. If the renewal project is directly administered by the Collaborative Applicant, the Board will establish measurable improvement goals with the Collaborative Applicant. The project's progress towards the established goals over the course of the year will be brought back to the CoC Board during the subsequent CoC competition, and the Board will make a decision not to reallocate, to partially reallocate, or to entirely reallocate the project's funding. The Board may also elect to reevaluate the project's progress toward

established improvement goals in the subsequent CoC competition.

OR

B. The CoC Board can make a decision not to reallocate, to partially reallocate, or to entirely reallocate project funding during the same CoC Competition without giving the project operator any opportunity to improve.

Finally, if the CoC requires funding to remain in compliance with HUD requirements, such as maintaining a CES or HMIS, or if reallocation is necessary to meet the requirements of a CoC NOFO, the CoC Board can elect to partially or fully reallocate any non-exempt renewal project. Such decisions shall be based on a comprehensive evaluation of renewal application scoring, program performance and spending history, potential impacts of a funding reduction, and the strategic needs of the CoC.

POLICY IMPLEMENTATION

1. **Notification to Project Operator:** Any project that triggers Board review for reallocation will be notified in writing. All projects that are considered for reallocation will be given an opportunity to appeal and receive the Board's final determination in writing from CoC staff.
2. **Appeals Process:** A project may appeal a reallocation decision within five calendar days. Formal appeals must be in writing and may include supporting documentation. Appeals may not be based on applicant errors or omissions. The CoC Board will review all appeals and supporting documentation and make a final decision by majority vote.
3. **Project Application Changes:** Projects that are partially reallocated will have the opportunity to proportionally adjust their budget and unit/bed configuration prior to the submission of all renewal projects to HUD's system.
4. **Reprogramming Reallocated Grant Funding:** If the Board votes to partially or fully reallocate a project's funding prior to the opening of the CoC competition, the CoC will make the funding available to new projects during the local competition. If the Board makes a decision to partially or fully reallocate a renewal project's funding during the CoC's local competition for new projects, a notification of the additional available funding will be posted to the Pasadena Partnership website and emailed to all attendees of the new projects workshop. Any reallocated funding that becomes available after the new projects local competition will be added to the budget of one or more selected new project(s) in accordance with the CoC's funding priorities for new projects as well as the CoC's program needs.