

Missouri Balance of State Continuum of Care



2023 REALLOCATION POLICY

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Care

Abstract

The U.S. Department of Housing and Urban Development (HUD) requires that Continuums of Care (CoCs) evaluate the performance of all projects based on objective criteria and reallocate funding in whole or in part from existing renewal projects to new or expansion projects based on how the new or expansion project will improve the overall performance of the CoC.

Lead Agency Team: Community Partnership of Southeast Missouri
support@moboscoc.org



Reallocation Policy

Introduction

The Missouri Balance of State (MO BoS CoC) Reallocation Policy allows for voluntary and involuntary funding reallocations. Voluntary reallocations are initiated by the CoC Program funded organization and may include all or part of the funding for their CoC project(s). Involuntary reallocations are initiated by the MO BoS CoC based on objective criteria and must be intended to improve system performance unless otherwise allowed by HUD. Voluntary and involuntary reallocation decisions must comply with HUD requirements, provide sufficient funding to create or expand a project, and align with priorities established by the MO BoS CoC to the extent possible.

Voluntary Reallocation

During the annual CoC Program Competition, CoC-funded organizations may choose to reallocate all or part of renewal project funding. In the event an organization requests reallocation of one or more CoC-funded projects, the organization requesting reallocation is responsible for any and all HUD-required closeout activities, securing housing for any project participants whose housing will be impacted by reallocation, and, if needed, requesting technical assistance from the MO BoS CoC and/or HUD.

Projects interested in voluntarily reallocating should notify the MO BoS CoC by emailing collaborativeapplicant@moboscoc.org with the organization name, project name, project award amount, reallocation amount, and contact information as soon as possible.

The Missouri Balance of State has established that funding from projects that are voluntarily reallocated is first offered to the current recipient agency or subrecipient to design another project to meet local goals to end homelessness. New projects created through voluntary reallocation will be scored and ranked in the position of the prior project from which funds are being reallocated. Funding that has been reallocated by agency indication (i.e. not through CoC request) may only be reallocated once per 5 years. Agencies will require a Letter of Support (Appendix 1) from the CoC Lead Agency (Collaborative Applicant) to indicate appropriate justification of the new project being created through voluntary reallocation.

Involuntary Reallocation

Performance

Unless otherwise prohibited by statute, regulation, or CoC Program Notice of Funding Availability, the MO BoS CoC may involuntarily reallocate funding, in whole or in part, from poor performing projects. Poor performing projects are projects



that fail to meet performance criteria established in the MO BoS CoC's Performance Improvement Policy.

Regular Performance Improvement Plan Reviews

While on a **First Time Performance Improvement Plan**, the MO BoS CoC will review the project for performance improvements. Projects on improvement plans will provide documentation to Rank and Review to demonstrate compliance and improvement. Projects that do not meet the established performance criteria may be asked to consider voluntary reallocation during the next CoC Program Competition.

While on a **Continued Need Performance Improvement Plan**, a project has not met the established performance criteria, the MO BoS CoC may recommend involuntary reallocation of project funds during the next CoC Program Competition. Projects on improvement plans will provide documentation to Rank and Review to demonstrate compliance and improvement. The MO BoS CoC may consider mitigating factors to reallocation, including the project's alignment with MO BoS CoC priorities, the need for and impact on housing assistance in the geographic area served by the project, and the availability and capability of other organizations to use reallocated funding to provide housing assistance needed or prioritized by the MO BoS CoC. Mitigating factors should prevent involuntary reallocation only when the project provides clear and convincing evidence that the project's performance is likely to improve or when no organizations have the ability or capability to accept the reallocated funding in new or expansion projects that align with MO BoS CoC needs or priorities.

Should the MO BoS CoC decide not to involuntarily reallocate a project while on a Continued Need Performance Improvement Plan, the project will remain on the Performance Improvement Plan, and the MO BoS CoC will review the project for involuntary reallocation every 12 months until the project is fully reallocated or meets the established performance standards.

Unspent Funds

The MO BoS CoC expects grantees to spend all grant funds, and beginning with the FY 2022 CoC Program Competition, the MO BoS CoC may reallocate unspent funding from projects that consistently do not meet grant spending expectations. CoC renewal projects will be evaluated for reallocation, according to this section on unspent funds, on a three-year rolling cycle during every CoC Program Competition beginning with the FY 2022 CoC Program Competition. Projects will be reviewed based on the three completed grant operating years directly preceding the release of the CoC Program Competition Notice of Funding Availability. Projects without



three completed grant years are not subject to the involuntary reallocation based on unspent funds.

Projects subject to partial reallocation must have left unspent:

1. More than 5% or \$10,000, whichever is less*, of grant funding during each of the prior three completed grant years; OR
2. More than 10% or \$50,000, whichever is less*, of total grant funding during the prior three completed grant years.

*This means smaller grants in which the percentage indicated is less than the dollar value above may avoid reallocation by ensuring percentage is met, while some larger grants will be expected to reflect the dollar amount in unspent funding

The amount of funding subject to reallocation will be no more than the project's 3-year average of unspent funds minus 5% of the project's grant award. The maximum reallocation amount is represented by the formulas below.

$$\begin{aligned}(\textit{year 1 unspent funds}) - (5\% \textit{ of Year 1 grant award}) &= X \\(\textit{year 2 unspent funds}) - (5\% \textit{ of Year 2 grant award}) &= Y \\(\textit{year 3 unspent funds}) - (5\% \textit{ of Year 3 grant award}) &= Z\end{aligned}$$

$$\textit{Maximum Reallocation Amount} = \frac{X+Y+Z}{3}$$

The MO BoS CoC may consider mitigating factors to reallocation based on unspent funds, including the project's feasibility following reallocation, the project's alignment with MO BoS CoC priorities, the need for, and impact on, housing assistance in the area served by the project, and the availability and capability of other organizations to use reallocated funding to provide housing assistance needed or prioritized by the MO BoS CoC. An exception to this policy may be made for projects that could not expend funds due to mitigating factors or implementation barriers, such as: public health crisis, natural disaster or low rental inventory factors beyond the project's control.



Appendix 1.- **Lead Agency Letter of Support for Voluntary Reallocation**

Agency requesting voluntary reallocation: _____

Project being terminated or reduced: _____

New Project or Expansion proposed: _____

Rank and Review Panelists,

On behalf of the policies of the Missouri Balance of State Continuum of Care, the Lead Agency is expected to provide the following information as a letter of support for the aforementioned agency that is seeking voluntary reallocation of funding, rather than renewal. The following letter template has been reviewed and approved by the MOBoSCoC Grants Committee. Please consider whether or not you feel this agency has made an adequate effort towards improving performance of our homelessness system of care.

The Lead Agency has verified that the agency named herein has provided adequate evidence of consideration for voluntary reallocation of funds.

____: *The agency has indicated a specific challenge related to the project that justifies a need for reallocation.*

____: *The agency has demonstrated how current performance challenges will be addressed through reallocation of funds.*

____: *The Agency has demonstrated capacity to operate a program successfully or made sufficient changes to build such capacity.*

____: *The Agency has not been issued a Performance Improvement Plan from the MOBoSCoC Performance Committee, or has successfully met goals related to the Performance Improvement Plan, as confirmed by the MOBoSCoC Performance Committee.*

____: *The project being terminated or defunded by voluntary reallocation has no funds allocated to it through a voluntary reallocation within the last 5 years.*

____: *The Lead Agency has consensus on the merits of this request from the Performance Committee.*

Text provided by the Agency seeking voluntary reallocation: _____

Missouri Balance of State Continuum of Care Lead Agency
Community Partnership of Southeast Missouri

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