Reallocation Policy for CoC-Funded Projects
St. Clair County Continuum of Care (IL-508)

Overview
Under the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH), the Housing and Urban Development (HUD) reallocation process allows Continuums of Care (CoC) to reallocate funds from existing projects to provide funding for new and/or existing projects with proven high-performance outcomes. It is therefore the intent of the St. Clair County Continuum of Care (SCCCoC) to develop a Reallocation Policy that is aligned with HUD and HEARTH Act policy guidance; performance-based as specified with the annual HUD NOFA; and finally, based upon local needs, data and use of common assessment tool.

Reallocation is the process of distributing funding from lower performing projects and making that funding available to expand an existing higher performing project or a new project. It allows CoC to create one or more new projects without decreasing the CoC’s Annual Renewal Demand (ARD). It is an important tool used by the SCCCoC to make strategic improvements to their homelessness system.

Each year HUD determines eligible reallocation project types in the CoC NOFA. In accordance with 24 CFR § 578.105(b)(2) and § 578.107(b)(1)(iv), HUD authorizes CoCs to reallocate funds from underperforming, underutilized, redundant, non-cost effective, or obsolete programs to create new projects which:

1. Meet requirements as set forth in the annual Notice of Funding Availability (NOFA)
2. Serve new participants, focusing on the most vulnerable chronically homeless
3. Increase local housing stock, and
4. Ensure that all resources are being utilized toward achieving the goal of ending homelessness

Policy
Reallocation in SCCCoC strives to match its homeless project offerings to the needs of people experiencing homelessness within the CoC. Reallocation presents an opportunity for SCCCoC to correct imbalances between its project offerings and service needs by allowing the movement of funds in whole or in part from existing CoC-funded projects that are underutilized, not cost effective, or underperforming to new and expanded projects that serve the needs of the homelessness community. Projects with less than three years of operating time are exempt from need and performance-based reallocation, so as to allow these projects sufficient time to reach and sustain full operating capacity. Moreover, any organization that has a project reduced or eliminated through involuntary reallocation may not apply for a new project in the next CoC funding cycle. This does not apply to organizations that voluntarily reallocate funding from one or more projects. SCCCoC allows three (3) types of reallocation:

1. **Voluntary.** A grantee may at any point notify the CoC that it will voluntarily reduce or eliminate funding for a project. Such notification must be delivered in writing to the CoC President and to the Collaborative Applicant, and it is not subject to approval.

2. **Gross Mismanagement and Misconduct (Involuntary).** Fraud, theft, misuse of funds, abuse of clients or others, failure to comply with requirements of the SCCCoC or HUD or refusal to participate in the corrective action plan may result in immediate reallocation.
3. **Need and Performance Based (Involuntary).** Projects seeking to renew CoC funding through the annual HUD CoC Program Notice of Funding Availability (NOFA) are evaluated using on the “Project Score Card.” Any project receiving 30 percent or less over two (2) consecutive reviews is subject to reallocation under one of the following methods:
   a. Total or part funding from an existing funded project into a new project by the same provider
   b. Total or part funding from an existing funded project into a new project by a different provider
   c. Total or part funding from an existing funded project into many new projects
   d. Total or part funding from multiple currently funded projects into one new project

**Process**
The Rank & Review Committee reviews and scores projects on quarterly basis. Projects receiving an initial score of 30 or below in any one area will be referred to Program Manager or Liaison for evaluation or monitoring. Projects receiving a consecutive score of 30 or below will be recommended for reallocation in part or total to the Executive Board, which makes the final determination. Board members who are affiliated with the organization subject to reallocation, or with any organization that intends to apply for a new project in the next round of CoC funding, must recuse themselves and shall not vote. The Executive Board sends either a letter or an email to the project recipient noting the deficient area(s) along with a corrective action plan to correct the issue(s) within 30 days. If the deficiency is not corrected within 30 days, or if the grantee fails to respond to the notice, the Executive Board votes on to reduce or reallocate project funds. The Executive Board notifies the grantee of its reallocation decision either through a letter or an email addressed to the project recipient. The Executive Board will issue a plan to ensure no project participant are displaced, as a result of the reallocation.

**Appeal**
The project recipient may appeal the decision within seven business days after notification. Applicants wishing to submit an appeal must do so in the form of a letter, a memo or an email to the SCCCoC Board President and must state the following:

1. Agency name
2. Project name
3. Reason for appeal (no longer than 2 pages)
4. Documentation to support the appeal

The President will present the appeal to the Executive Board, and request the stand-up of the Appeals Committee, which will comprise of CoC members not receiving HUD CoC or ESG funding. The Appeals Committee reviews all appeals and issues a final recommendation within fourteen (14) business days of receipt of the appeal.