

**Process for Reallocation for  
The County of Riverside Continuum of Care  
2016 HUD Consolidated Application  
May, 2016**

Through the reallocation process, the County of Riverside Continuum of Care and Board of Governance ensures that projects submitted with the CoC Collaborative Application best align with the HUD CoC funding priorities and contribute to a competitive application that secures HUD CoC dollars to address and end homelessness in Riverside County. The CoC will make decisions based on alignment with HUD guidelines, performance measures, and unspent project funds. Reallocated projects will be encouraged to seek funders that will support the contributions these projects make to the CoC.

**All** renewal projects are reviewed by an Independent Review Panel, whose members are reselected in a voting process by the County of Riverside Continuum of Care, to determine if a project should be considered for reallocation. The Independent Review Panel reviews the renewal projects based on performance criteria and other information each project submits and certifies in a “Letter of Intent to Renew”. The Independent Review Panel makes recommendations for reallocation to the CoC Board of Governance based on the performance of each renewal project.

The recommendation for reallocation is based on any one of the following HUD criteria:

- 1) Outstanding obligation to HUD that is in arrears or for which a payment schedule has not been agreed upon;
- 2) Audit finding(s) for which a response is overdue or unsatisfactory;
- 3) History of inadequate financial management accounting practices;
- 4) Evidence of untimely expenditures on prior award;
- 5) History of other major capacity issues that have significantly impacted the operation of the project and its performance;
- 6) 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; or
- 7) History of serving ineligible persons, expending funds on ineligible costs, or failing to expend funds within statutorily established timeframes.

**HMIS Data Quality.** The CoC evaluates all programs on their HMIS quality for the operating year. It is expected that programs will have no greater than 10% of missing values for any of the universal data elements; programs are able to correct incomplete data to improve the percentages. Data quality outcomes are collected via the monthly Performance Report Cards and APRs generated for each project.

## **County of Riverside Continuum of Care 2016 HUD CoC Program Competition Project Review and Ranking Process**

### **Rationale**

HUD's Continuum of Care (CoC) homeless assistance programs serve as the largest single source of funding for homeless services in the County of Riverside. In the 2015 NOFA, Riverside County received more than \$9 million from HUD to support 29 projects for homeless individuals and families. HUD awards homeless assistance grants through an annual application process known as the CoC Program Competition.

HUD strongly encourages each CoC to implement a thorough review and oversight process at the local level for both new and renewal projects submitted to HUD-CoC Application Process.

The CoC Program Interim Rule requires local Continuums of Care to establish performance targets appropriate for population and program type, monitor recipient and sub recipient performance, evaluate outcomes, and take action against poor performers (24 CFR 578.7a.6). HUD expects each CoC to implement a thorough review and oversight process at the local level for both new and renewal projects submitted to the HUD-CoC Application Process. Ranking of renewal projects must incorporate data on project performance and effectiveness.

HUD notes that it is important that new and renewal projects meet minimum project eligibility, capacity, timeliness, and performance standards identified in the annual HUD CoC NOFA or they will be rejected from consideration for funding. In the 2016 HUD CoC Application, HUD will award up to 30 points to CoCs that clearly demonstrate the existence of a coordinated, inclusive, and outcome-oriented community process for the solicitation, objective review, ranking, and selection of CoC Program project applications:

- Objective Criteria and Past Performance
- Ranking and Selection Process
- Recipient Performance Monitoring
- Accuracy of GIW (Grant Inventory Worksheet)
- Accuracy of Project Submissions

The County of Riverside CoC is eligible to renew a total of 29 projects for the 2016 HUD CoC Program Competition. Projects are eligible for renewal for FY 2016 funds if they have an executed grant agreement by December 31, 2016 and have an expiration date that occurs in Calendar Year 2017 (the period between January 1, 2017 and December 31, 2017). These projects are renewable under the CoC Program Competition as set forth in 24 CFR 578.33 to continue ongoing leasing, operating, supportive services, rental assistance, HMIS, and project administration costs.

## ***HUD funding priorities:***

In accordance with HUD's Homeless Policy and Program Priorities (as stated in the 2016 HUD CoC Program Application Notice of Funding Availability (NOFA), CoCs should continue to prioritize project applications that address these goals in the FY 2016 Application Process:

1. Strategic Resource Allocation. Each CoC must comprehensively review all existing projects within its geographic area, using CoC-approved scoring criteria and selection priorities, to determine the extent to which each project is still necessary and addresses the listed policy priorities. ***Funds for projects that are determined to be underperforming, obsolete, or ineffective should be reallocated to new projects that are based on proven or promising models.***

## 2. Ending Chronic Homelessness.

a. **Targeting:** The chronically homeless should be given priority for non-dedicated PSH beds as vacancies become available through turnover. PSH renewal projects serving specific disabled subpopulations (e.g., persons with mental illness or persons with substance abuse issues) must continue to serve those groups, as required in the current grant agreement. However, the chronically homeless within the specified subpopulation should be prioritized for entry.

b. **Increasing Beds:** Consistent with the HEARTH Act Interim rule, the chronically homeless includes individuals and families who have a qualifying disabling condition who have been homeless and living in a place not meant for human habitation, emergency shelter, or safe haven for one year continuously or for a total of one year over a period of four occasions in the past 3 years. **It is important to point out that persons in transitional housing are not considered to be chronically homeless even if they met the criteria prior to entering the transitional housing program.**

c. **Improve Outreach:** To decrease the number of persons experiencing chronic homelessness in a community, the community must identify and continually engage all persons who are currently experiencing sheltered or unsheltered chronic homelessness and those who are in jeopardy of experiencing chronic homelessness. This includes ensuring effective communication with individuals with disabilities and taking reasonable steps to ensure meaningful access to services, programs, and activities by persons with Limited English Proficiency (LEP persons).

d. **Housing First:** A model of housing assistance that is offered without preconditions (such as sobriety or a minimum income threshold) or service participation requirements, and rapid placement and stabilization in permanent housing are primary goals. Research shows that it is effective for the chronically homeless with mental health and substance abuse disorders, resulting in fewer inpatient stays and less expensive interventions than other approaches. Permanent Supportive Housing projects should use a Housing First approach in the design of the program.

## 3. Removing Barriers to CoC Resources.

a. CoCs should review system and project level eligibility criteria for each CoC funded project to identify and remove barriers to accessing services and housing that are

experienced by homeless individuals and families. These barriers may employment, income, sobriety, credit repair, etc.

b. *Centralized or Coordinated Entry System:* Centralized or coordinated entry/assessment is a key step in assessing the needs of the homeless requesting assistance and matching the needs of those households to the most appropriate housing and service options. The CoC Program interim rule requires the implementation of a centralized or coordinated assessment (now entry) system.

c. *Transitional Housing:* HUD is strongly encouraging CoCs and recipients to carefully review the transitional housing models within the geographic area for cost-effectiveness, performance, and for the number and type of criteria used to determine eligibility for the program and determine if rapid re-housing may be a better model for the CoC's geographic area.

d. *Prioritizing Households Most in Need:* CoCs should prioritize those who are identified as most in need (e.g., those who have been living on the street the longest, homeless households with children living in unsheltered situations, those that are considered most medically vulnerable) for placement into appropriate housing.

#### 4. Maximizing the Use of Mainstream Resources.

a. HUD strongly encourages CoCs and project applicants to ensure that they are maximizing the use of all mainstream services available. While the CoC Program interim rule allows for the payment of certain supportive service costs, it is more efficient for CoCs to use mainstream resources where possible and use HUD funds for housing-related costs.

b. CoCs should be actively preparing for implementation of the Affordable Care Act by determining how these funds may be used by CoC Program recipients to serve the homeless. CoCs should also encourage project recipients to participate in enrollment and outreach activities to ensure eligible households take advantage of new healthcare options.

#### 5. Building Partnerships.

a. CoCs should proactively seek to engage in partnerships with Public Housing Agencies (PHA). CoCs and PHAs are encouraged to read and use the following HUD Notice (PIH 2013-15) published June 10, 2013: Guidance on housing individuals and families experiencing homelessness through the Public Housing and Housing Choice Voucher Programs.

b. CoCs should assess the extent to which philanthropy plays a role within the community. CoCs and project recipients should consider how to engage with philanthropic organizations in a way to maximize resources and increase progress towards ending homelessness.

#### 6. Other Priority Populations:

a. Veterans: CoC Program funded projects should, to the extent possible, prioritize veterans who are ineligible for VA services and their families. CoCs should work closely with the local Department of Veterans Affairs (VA), and coordinate CoC resources with

VA-funded housing and services (e.g., HUD-VASH, Supportive Services for Veteran Families (SSVF)).

- b. Homeless Youth: CoCs should be able to identify and describe the needs of homeless youth within the geographic area and the current programs designed to serve this population, including performance.

### ***Independent Review Panel***

The Independent Review Panel is made up of 5-7 people who are nominated and elected by the CoC membership. They must not have a conflict of interest, which means they should not work or volunteer for an agency that is currently receiving HUD CoC and/or Emergency Solutions Grant (ESG) funding. All decisions made will be reached through consensus (general agreement).

The Independent Review Panel will evaluate and rank in priority order all project applications for CoC Program funds. They will determine if any projects eligible for renewal should be recommended to the Board of Governance to be reduced or eliminated to develop new projects. The panel is also responsible for recommending a reallocation strategy, a process by which a CoC shifts funds in whole or in part from existing CoC funded projects that are eligible for renewal to create one or more new projects. These recommendations will also be approved by the CoC Board of Governance. A reallocated project must be a new project that serves new participants and has either a rapid re-housing or permanent supportive housing program design. The Panel will make its recommendations known to the CoC membership prior to presenting the recommendations to the Board of Governance. The Board of Governance may approve the recommendations or make revisions to the recommendations before final approval.

### ***Reallocation***

Reallocating funds is one of the most important tools by which CoCs can make strategic improvements to their homelessness system. Through reallocation, CoCs can create new, evidence-informed projects by eliminating projects that are underperforming or are more appropriately funded from other sources.

It is possible that funds will be reallocated from projects that will not receive renewal funding, or whose funding will be reduced. This is done through a recommendation made by the Independent Review Panel, based on HUD priorities, and approved by the Board of Governance.

When considering reallocation, the Independent Review Panel will:

- Consider unspent funds and the ability to reduce grants without reducing service/housing levels.
  - Receive guidance from the Collaborative Applicant about the limitations related to spending CoC funds.

- For projects receiving leasing or rental assistance, information about unspent funds will be presented together with information about agency capacity (i.e. serving the number of people the project is designed to serve).
- Consider history of reductions.
- Consider alternative funding sources available to support either new or renewal project(s) at-risk of not being funded.
- Consider renewal HUD “covenant” concerns.
- Consider impact on CoC’s Consolidated Application score.
- Consider non-compliance issues identified during the review and rank process project monitoring.
- Consider projects with consistently low scores.

The impact of this policy is that high scoring projects may be reallocated if these considerations warrant that decision. Also, if a project receives less than 70 points, then the Independent Review Panel may recommend reallocation of funding.

Decisions regarding reallocation are best made when guided by an overall strategic plan, in which the CoC assesses existing projects for their performance and effectiveness in ending homelessness. In general, CoCs should direct funding towards projects that:

- a. Serve the highest need individuals or families and as specified by HUD (i.e. chronically homeless);
- b. Help project participants obtain permanent housing as rapidly and directly from homelessness as possible;
- c. Ensure long-term housing stability; and
- d. Ensure the best and most cost-effective fit given a community’s needs.

### ***CoC Transparency***

HUD requires that each CoC conduct a transparent and objective process to review and rank all applications for renewal of existing projects and creation of new projects. To ensure transparency and fairness, this process will be:

- 1) Publically announced by the CoC;
- 2) Described and distributed in writing to the entire CoC;
- 3) Reviewed by the entire membership of the CoC during a designated meeting;
- 4) Recorded in the minutes of the designated meeting including all decisions made concerning the review and ranking; and
- 5) Minutes will be distributed to the entire CoC.

Each individual CoC project will receive a report of the project’s score given by the Independent Review Panel. Each project agency evaluated will then have ten (10) business days following the release of individual project scores to appeal the results.

## ***Appeals Process***

The Appeals Committee represented by 3-5 non-conflicted CoC members will review all appeals and will make recommendations to the CoC Board of Governance. The Appeals Committee will be selected from the CoC Board of Governance or its designees. These individuals will have no conflict of interest in serving, as defined by the same guidelines for membership on the Independent Review Panel. Voting members shall not serve simultaneously on both the Independent Review Panel and Appeals Committee; however, an Independent Review Panel member and DPSS staff will participate in the Appeals Committee to inform discussion.

Applicants may appeal any of the following decisions of the CoC Board of Governance:

- Placement of a project in Tier 2.
- Reduction of a renewal grant amount (i.e. renewal grant partially re-allocated to a new project).
- Reallocation of a renewal grant (i.e. entire grant reallocated to a new project) if not previously notified that the grant was to be reallocated as a result of low performance.

Applicants placed in Tier 1 may not appeal their rank on the Project Priority Listing. All renewal applicants will receive a copy of their scorecard by Tuesday, June 28, 2016.

Any agency that wishes to appeal must notify the DPSS Homeless Programs Unit, c/o Jill Kowalski in writing via email @ [jkowalsk@riversidedpss.org](mailto:jkowalsk@riversidedpss.org) no later than **Monday, August 22, 2016**; or at least two business days after the priority ranking has been communicated in writing. An appeal can be in the form of a letter, a memo or an email and must state the following:

- ✓ Agency name
- ✓ Project name
- ✓ Reason for appeal (no longer than two pages)
- ✓ Documentation to support the appeal

Applicants will be notified of the outcome no later than **Thursday, August 18, 2016**. If an appeal will be filed, other agencies whose rank may be affected will be notified as a courtesy. Such agencies will not be able to file an appeal until after the appeals process is complete.

## ***Review and Evaluation Process***

The following are final recommendations for the 2016 County of Riverside Continuum of Care Application Renewal Project Evaluation Process. This process was approved by the Board of Governance on June 16, 2016. This process has also been reviewed and updated based on the release of the 2016 HUD CoC Program NOFA.

Projects are eligible for renewal for the FY 2016 NOFA if they are currently operating and have a signed grant agreement with HUD that will expire during the period beginning January 1, 2016 and ending December 31, 2017.

## ***Permanent Housing (PH)***

All PH providers (which includes both Permanent Supportive Housing (PSH) and Rapid Rehousing (RRH) should have the option to submit a project application for renewal if the project(s) meet or exceed project quality goals established by HUD and CoC guidelines which include the following:

- At least 80 percent of project participants either remained in permanent housing or exited to permanent housing;
- At least 20 percent or more of project participants have employment income (or other sources such as SSI and/or SSDI, for those who are not employable);
- At least 54 percent of project participants increased their income from sources other than employment in a given operating year;
- At least 56 percent of project participants obtained mainstream benefits; and
- At least 100 percent of the project participants came from the street or other locations not meant for human habitation, emergency shelters, or safe havens.

In addition, PH providers must:

- Implement a housing first approach.
- Permanent Supportive Housing (PSH) projects only: fill vacant beds with only chronically homeless persons.

Permanent Housing providers who are not able to meet all goals may be considered low performing and, as such:

- May be placed in Tier 2;
- Funding may be reallocated to create new projects through a Request for Proposal process.

## ***Transitional Housing (TH)***

As noted in the 2016 CoC NOFA, HUD recognizes that transitional housing (TH) can be an effective tool in many communities for addressing the needs of specific subpopulations, such as homeless youth, domestic violence survivors, and homeless people with substance abuse issues. However, recent research shows that transitional housing is generally more expensive than other housing models serving similar populations, is often more service-intensive than most homeless households need, and the criteria for entry into many transitional housing programs are so rigorous that transitional housing beds are under-utilized because homeless households cannot overcome the barriers to entry. HUD is strongly encouraging CoCs and recipients to carefully review the transitional housing models within the geographic area for cost-effectiveness, performance, and for the number and type of criteria used to determine eligibility for the program and determine if rapid re-housing may be a better model for the CoC's geographic area.

All TH providers should have the option to submit a project application for renewal if the project(s) meet or exceed project quality goals established by HUD and CoC guidelines which include the following:

- At least 80 percent of project participants exited from transitional housing to permanent housing;
- At least 20 percent or more of project participants have employment income (or other sources such as SSI and/or SSDI, for those who are not employable);
- At least 54 percent of project participants increased their income from sources other than employment in a given operating year; and
- At least 56 percent of project participants obtained mainstream benefits.

In addition, TH providers should be able to answer “yes” as to whether the program implements a housing first approach.

TH providers who are not able to meet all goals may be considered low performing and, as such, the projects:

- May be placed in Tier 2;
- Funding may be reallocated through a local Request for Proposal process.

The review and evaluation process will be conducted on **three levels**:

1. General Threshold Review

To help ensure compliance with regulatory guidelines and local competition requirements, all organizations applying for funds under the HUD CoC Competition must complete the General Threshold Checklist and provide attachments as requested.

2. Project Performance and Scorecard

Since the County of Riverside Continuum of Care has not established local performance measures, the performance measures will be based on those established by HUD. Project performance takes into consideration the type of project (e.g., permanent supportive housing, rapid rehousing and transitional housing) and its performance relative to that type.

3. Annual Performance Report (APR): The HEARTH Interim Rule states that HUD may terminate the renewal of a grant and require the recipient to repay the renewal grant if the recipient fails to submit an APR within 90 days of the end of the program year or if the recipient submits an APR that HUD deems unacceptable. The APR will be used to evaluate the performance of the renewal project.

Performance will be evaluated using data from the project’s most recent Annual Performance Report (APR) submitted for the last full operating year, financial management/fund expenditures, cost effectiveness, match and leverage, monitoring reports, prioritization of chronically homeless, CoC participation, HMIS data quality and bed utilization, including but not limited to:

### Performance Measures (for all projects)

- a. Exit to Permanent Housing: At least 80 percent of project participants exited to permanent housing.
- b. Housing Stability: At least 80 percent of project participants remained in permanent housing.
- c. Increased Income: At least 20 percent or more of project participants have employment income **or** 54 percent or more of project participants have income from sources other than employment.
- d. Access to Mainstream Benefits: At least 56 percent of project participants obtained mainstream benefits.
- e. Bed Utilization and cost effectiveness: Projects will be evaluated based on their bed/unit operating capacity, utilization rate and cost effectiveness
  - Proposed versus actual beds
  - Bed/unit utilization rate (Projects with low utilization rates below 80% must have a valid explanation as well as a plan to increase the utilization rate).
  - Cost per bed/client

### Homeless Management Information System

- f. HMIS Participation: Projects will be evaluated based on the extent of their participation in HMIS, data quality, accuracy and timeliness. Participation in HMIS also includes:
  - a. Timely submission of required data for the Point-in-Time Count and Housing Inventory Chart
  - b. Timely response for questions related to the AHAR (if any)
  - c. Adherence to HMIS standards as specified in the CoC HMIS Charter for the following:
    - Data Quality Standards – Accuracy, Completeness and Timeliness (Section 5)
    - Privacy and Security Standards (Section 6)
    - HMIS Implementation Standards – Agency Participating Agreement, End-User Agreement, Agency Administrator (Section 7)
    - Data Collection and Reporting Standards (Section 8)

### HUD-CoC Priorities/Requirements

- g. Coordinated Entry System (CES) Participation: projects will be evaluated based upon their commitment and participation in CES.
- h. Housing First: projects will be evaluated based on whether or not they are using a housing first approach in serving all participants entering their program.
- i. Prioritization of Chronically Homeless: projects will be evaluated based upon whether or not they are prioritizing the chronically homeless to fill vacant (turnover) beds.

### Financial Management and Reporting

Renewal projects will be scored on the following:

- j. Unspent Funds: projects will be evaluated on funds returned/unspent in the last three years. Each project will be evaluated on the percentage of the overall project budget is unspent. For example, projects that return 5% or less of their overall project amount will receive the highest score. Unspent funds, no matter what the amount, will be considered for reallocation by the Independent Review Panel if there are unspent funds for a consecutive 3-year period of the project.
- k. Timely Submission of Claims – whether or not the agency has a history of submitting claims on a monthly basis. This will be evaluated based on the percentage of timely claims submitted during a 12-month period and an overall review based on a 3-year period.
- l. Match: Whether or not the project meets the 25 percent match requirement.
- m. Leveraging: Whether or not the project meets the 150 percent leverage requirement.
- n. History of serving ineligible persons, expending funds on ineligible costs, or failing to expend funds within statutorily established timeframes.
- o. Audit/Monitoring findings for which a response is overdue or unsatisfactory.
- p. History of inadequate financial management accounting practices.
- q. History of non-compliance with HUD CoC Program funding requirements, defined in the HEARTH Act and /or NOFA.
- r. History of other major capacity issues that have significantly impacted the operation of the project and its performance.

New or recently reallocated PH projects (PSH or RRH) may not have data to be used in the review because they have not been operational for a full year. This will be taken into consideration in the ranking process.

See Scorecards for each housing component:

- Permanent Supportive Housing
- Rapid Rehousing
- Transitional Housing

### ***Prioritization and Ranking***

In the 2016 NOFA, HUD requires Collaborative Applicants to rank all projects, except CoC Planning and UFA (Unified Funding Agency) costs, in two tiers. Tier 1 is equal to 93 percent of the CoC's FY 2015 Annual Renewal Demand (ARD) approved by HUD on the final HUD-approved Grant Inventory Worksheet (GIW), finalized either during the FY 2016 CoC Program Registration process or during the 10-day grace period after this NOFA was published. Tier 2 is the difference between Tier 1 and the CoC's ARD plus any amount available for the permanent housing bonus (before adjustments are made to permanent housing leasing, operating, and rental assistance line items based on changes to FMR) as described in Section II.B.4. of the 2016 NOFA.

The Independent Review Panel will adhere to the process required in the 2016 NOFA that is (Section I-C of the 2016 NOFA) as follows:

Project applications submitted to the CoC for inclusion on the FY 2016 CoC Priority Listing as part of the CoC Consolidated Application must be reviewed and either accepted and ranked or

rejected by the CoC Board of Governance. All projects approved by the CoC Board of Governance must be listed on the CoC Priority Listing in rank order, with the exception of project applications for CoC planning and UFA Costs which will not be ranked, to establish the projects located within Tier 1 and the projects located within Tier 2, as described in Section II.B.16. of this NOFA. The purpose of this two-tiered approach is for CoCs to clearly indicate to HUD which projects are prioritized for funding (Tier 1, which is 93 percent of the CoC's ARD).

The Independent Review Panel will score each project and rank in order based on highest to lowest score. The projects will be ranked by which project components are prioritized for HUD. In addition, the Panel will recommend whether or not projects that fall into Tier 2 should be reallocated to new PSH or RRH projects.