# TX-601 Grant Reallocation Policy

For FY2022 CoC Program funding, HUD will prioritize those CoCs that demonstrate a capacity to reallocate funding in the FY2021 CoC Program Competition or have reallocated a total of at least 20 percent of the CoC's total ARD between FY 2015 and FY 2021 from lower performing projects to higher performing projects as demonstrated through the CoC's local selection process. TX-601 uses local data to determine the characteristics of individuals and families with the highest needs and longest experiences of homelessness in order to develop housing and supportive services tailored to their needs through the CoC competition. TX-601 uses the reallocation process to create new projects that improve the overall system performance and better respond to the community need. The policy below is in response to HUD's recommendation to reallocate low performing and underspent projects.

## Voluntary Reallocation Policy

To meet HUD and community priorities, CoC programs that are not housing first, demonstrate low performance, or have a high recapture rate may voluntarily reallocate a portion of their grant. Funds from projects that are voluntarily reallocated will be used to fund higher performing or new projects. TCHC will offer technical support and acknowledgement letters for agencies who voluntarily reallocate their grant awards.

## Involuntary Reallocation Policy

### Performance

Renewal projects will be assessed on their project quality and ability to meet performance outcomes such as occupancy rates, participant income growth, successful exits, and cost efficiency. Projects with the lowest performance rates may be reallocated to higher performing projects or new projects.

### Spending History

HUD assumes that projects will spend 100% of the funds allocated to them. Projects that fail to spend the total grant award may see a decrease in funding as those funds are added to the pool of funds available for reallocation to other projects. Projects that have a high recapture rate for two consecutive program years, may be reduced to the amount disbursed at the end of the 12-month review. An exception to this policy may be made for new projects that could not expend funds due to implementation barriers.

### HMIS Participation

HMIS participation is required to meet HUD renewal project threshold requirements. Non-HMIS providers must use a comparable database that meets the needs of the local HMIS to meet this threshold. The midterm performance review along with data quality reports will be examined to determine if agency participation in HMIS is adequate. Projects with a data error rate of 10%

or more will be placed on a data error plan to correct existing errors and prevent future occurrences. The data error plan will consist of a series of required data quality workshops for users within the project. Projects that do not meet threshold requirements or have the highest rates of data errors may be reallocated to higher performing projects or new projects.


Note: This policy was approved in 2019. The CoC Board has not modified this policy since then, and it remains the current policy of the TX-601 CoC.