

To: All LAHSA and Direct Continuum of Care (CoC) Contractors

From: Chet Bieganski, Chief Financial Officer

Date: September 19, 2014

Re: **Los Angeles CoC Grant Reallocation Policy**

The Department of Housing and Urban Development (HUD) has provided the Los Angeles Continuum of Care (CoC) as well as all other CoC's across the nation an opportunity to redistribute (reallocate) funding within the CoC from projects and programs that are considered by HUD to, have histories of under- spending, are not achieving high housing placements, be ineffective or costly interventions and/or can be funded under other governmental programs or agencies. (i.e., benefits now available under the Affordable Care Act)

In the 2013 HUD NOFA application, **\$2.5million** of Supportive Services Only (SSO) project funding was denied renewal funding from the HUD because the programs did not meet HUD's priorities for a 2013 award. HUD has indicated that their priority for funding is housing, rather than services, and SSO's have been identified as HUD's lowest funding priority. HUD is also providing Continuums incentives to reduce or eliminate SSO program types going forward (HUD 2014 award). Once projects fail to be renewed, the funds are lost to the LA CoC forever and the renewal base for funding is permanently reduced.

To try to minimize funds lost through failing to meet HUD renewal criteria, The LAHSA Commission, in coordination with the Los Angeles Homeless Continuum of Care Coordinating Council have jointly approved a reallocation strategy that will prevent the loss of funding to the LA CoC while identifying funding for new projects. Reallocation is a strategy provided by HUD that allows a CoC to redirect (or reallocate) funding from existing projects on the renewal list of grants that may be at risk of non-renewal under HUD's priorities, and use those resources to fund new projects within the CoC. This is different from the prior years because voluntarily electing not to renew a project would have resulted in the funding being made available nationally for new projects, and not contained at the Continuum level. This strategy keeps the funding in the Los Angeles CoC.

The two Reallocation criteria adopted by the Coordinating Council and Commission include the following:

1. Projects that are at risk for non-renewal because they will not meet HUD priority ranking, including project that meet the following criteria:
 - a. SSO's that primarily provide childcare services, healthcare services, job training, and employment services.

2. Savings from CoC grant funded programs being renewed:

a. CoC administered former Supportive Housing Program (SHP) grants that demonstrate at least three years of underspending of at least 5% of the total annual grant amount, based on lowest amount of underspent funds incurred over the three year period.

b. CoC former Shelter Plus Care (S+C) grants with expected under spending- Housing Authorities are providing projection of funds available for reallocation based on historical grant performance.

It is currently estimated that between **\$4 - \$8 million**, representing 1) SSO's that are likely to not meet HUD project renewal criteria, and 2) savings from project that are not fully utilizing existing funding can be generated from the reallocation process in the Los Angeles Continuum of Care for the and made available for new projects in the HUD 2014 CoC Notice of Funding Availability (2014 NOFA).

The reallocation protocols from HUD are very specific as to how these new project funds are to be directed. Eligibility for the reallocation funds **must be** as follows:

- 1.) Permanent Supportive Housing for people experiencing chronic homelessness**
- 2.) Rapid Rehousing for families experiencing homelessness**

The reallocation process will incorporate an appeals process for programs affected by the reallocation protocol. Only objective appeals directed at the process itself (i.e. incorrect data used) will be considered. The appeal process will not evaluate individual projects.

The potential impact of the reallocation process will be reported to the LAHSA Commission at the **September 26, 2014** meetings.

LAHSA will publish instructions for the appeals process with the report on the potential impact of the reallocation process that is made to the LAHSA Commission.

Additionally, a Request for Proposal (RFP) soliciting projects for funding made available under this reallocation strategy is expected to be issued on September 19, 2014.

All questions should be directed to Clementina Verjan - LAHSA Interim Policy and Planning Director (cverjan@lahsa.org).

Thank you,



Chet Bieganski

LAHSA-CFO