

FY 25 CoC NOFO GRANT REALLOCATION & REDUCTION POLICY

PURPOSE

The Way Home CoC (TX-700) is committed to ensuring that all HUD CoC Program funds are used efficiently and effectively to support the goal of ending homelessness across Houston, Pasadena, Conroe, Harris, Fort Bend, and Montgomery Counties. This policy outlines a clear, transparent process for reallocating and reducing grant funds in alignment with HUD regulations, the FY 2025 CoC Program Notice of Funding Opportunity (NOFO), and federal expectations for performance accountability under Executive Orders on effective program delivery and results-based management.

1. REALLOCATION POLICY

Reallocation is the process of shifting funds from existing renewal projects to create new projects that better align with HUD priorities, local system needs, or demonstrate higher impact on housing outcomes.

WHEN REALLOCATION MAY OCCUR:

- A project is **low-performing**, as measured by local competition scorecards and HUD performance benchmarks.
- A project is under Corrective Action status due to **significant performance issues**.
- A renewal project no longer meets community needs or CoC strategic goals.

REQUIRED ACTIONS:

- Projects receiving a **score below 150** on the FY 2025 **local competition scorecard** must submit a **Corrective Action Plan (CAP)** by the date listed in the CoC Important Dates Calendar.
- Agencies under CAP are **not eligible to submit new project proposals** during the duration of their corrective action status, except for expansions evaluated separately for application quality and project performance.
- If a project remains under CAP for **two consecutive years**, it may be recommended for **partial or full reallocation**.

All reallocation decisions will be made by the CoC Lead Agency based on objective scoring data and will be reviewed and approved by the **CoC Steering Committee**. Final decisions will be communicated in writing and publicly documented.

2. REDUCTION POLICY

Reduction refers to decreasing the grant amount of a renewal project to reflect actual spending and utilization levels, ensuring responsible stewardship of federal funds.

WHEN REDUCTION MAY OCCUR:

- A project has **returned 10% or more of its total award** to HUD in each of the **two most recent CoC Program years**.

REQUIRED ACTIONS:

- The agency must submit a **justification letter** to The Coalition for the Homeless, the CoC Lead Agency, by the posted deadline. The letter must include:
 - Reasons for under-spending
 - Corrective actions taken
 - A plan to fully utilize future funds
- If the justification is inadequate, the Lead Agency may recommend a **reduction of up to 10%** of the project's current award.
- The CoC Steering Committee will review and vote on any reductions, with decisions documented in meeting minutes and shared with affected providers.

This approach supports HUD's emphasis on fiscal accountability and performance improvement under Executive Order 14052 (Customer Experience) and related performance mandates.

3. ALIGNMENT WITH HUD PRIORITIES AND FEDERAL GUIDANCE

All reallocation and reduction decisions will consider:

- HUD's CoC NOFO priorities
- The CoC's local performance strategy and unmet needs
- Principles of **fiscal responsibility, program integrity, and performance-based funding**
- Transparency and fairness, consistent with HUD guidance and applicable Executive Orders (e.g., EO 13985, 14052)

4. TRANSPARENCY & ACCOUNTABILITY

The Way Home CoC ensures transparency by:

- Publishing this policy annually
- Sharing reallocation and reduction criteria and deadlines in advance
- Documenting all decisions and rationale in Steering Committee records
- Providing agencies with the opportunity to respond to proposed reductions or reallocations
- Ensuring final decisions are communicated clearly and consistently

All reallocation and reduction recommendations are subject to review and approval by the **CoC Steering Committee**, the governing body of The Way Home CoC. This process promotes continuous system improvement, sound financial management, and alignment with HUD and federal expectations.