



# San Joaquin County Continuum of Care Program Competition Reallocation Policy

Approved Date: Jan. 9, 2025

Effective Date: Jan. 10, 2025

## Background

The goal of the San Joaquin Continuum of Care (SJCoC) in relation to the annual Continuum of Care Program Competition (Competition) is to permanently house homeless households efficiently and effectively, while having the greatest positive impact on the community. This goal aligns with the SJCoC Strategic Plan on Homelessness.

To achieve this goal, the SJCoC will conduct an annual project performance review or a “mini-monitoring” of all CoC-funded projects eligible for renewal. The purpose of this review is to determine if a project is performing sufficiently well to be eligible for renewal funding, prioritize for renewal projects that meet objective standards of efficient and effective performance, and potentially shift resources from low performing projects to new projects and existing projects that are high performing.

The Housing and Urban Development guidelines (24 CFR part 578) authorize Continuums of Care to reallocate in whole or part a renewal project’s funding to expand an existing project or to create one or more new projects. Reallocation creates an opportunity to shift funds from projects that are underperforming to create new projects that meet local needs and project eligibility and project quality thresholds established by HUD and the SJCoC, and that have the potential to more effectively reduce homelessness, help households achieve stable housing, and improve SJCoC performance.

Funding for new projects through the Competition is only available if existing low-performing projects have their funding reallocated, if bonus funding is made available by HUD, or if other new funding is made available by HUD. The full CoC Program Competition occurs biannually, with the reallocation process occurring annually.

Reallocation may occur under the following circumstances:

- The project applicant does not submit an application to renew a project
- The project does not meet basic threshold goals for funding as outlined by HUD and the SJCoC
- The Committee recommends, because of poor performance and a failure to explain or correct poor performance, that a project is not submitted for renewal or is submitted for renewal at a reduced request

Within the SJCoC, the reallocation process is delegated to the SJCoC System Performance and Evaluation Committee (Committee) by the SJCoC Charter.<sup>1</sup>

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<sup>1</sup> Please see “San Joaquin Continuum of Care Governance Charter: Updated November 2019”

## Project Performance Review

The Committee is tasked by the SJCoC Charter with identifying objective, fair criteria to determine if a project is performing sufficiently well to be eligible for renewal funding, and with determining what those performance thresholds should be based on HUD and local benchmarks. Project performance review criteria and thresholds used by the SJCoC align with System-wide Performance Measures as well as with local needs and priorities.

Evaluation of projects for reallocation is designed to be objective, data-driven and transparent. To determine if a project is low performing, the Committee will utilize a modified version of chapter 29 in the CPD Monitoring Handbook (Handbook) and the Board-approved Project Performance and Reallocation Tool (Tool)<sup>2</sup>. The Handbook includes guidance on monitoring projects for fiscal responsibility, homeless determination/recordkeeping requirements, eligible activity-specific requirements, and match documentation. The Tool, updated annually or as needed, incorporates evaluations of national and local data regarding HUD- and SJCoC-approved System Performance Measures<sup>3</sup>, project costs, project alignment with Housing First, equitable service provision, and the applicant's ability to spend the previous year's award. To judge project performance relative to these standards, the tool utilizes data obtained from the Homeless Management Information System (HMIS) and project applications.

The objective measures for which projects will be evaluated include:

- System-wide Performance Measures 2, 4, 7b (for PSH)
- System-wide Performance Measures 7b, 8 (RRH)
- Project ability to exit or maintain households in permanent housing
- Project ability to not exit households into homelessness
- Project ability to increase household income at project exit
- Project ability to adhere to principals of Housing First and reducing barriers to those with high vulnerability
- Project ability to serve number of households identified in the project's CoC Program Competition Application
- Project ability to effectively spend funds on planned activities

The SJCoC thresholds for low performance are determined by a survey of expected HUD performance benchmarks, a survey of national CoC performances as reported to HUD, examination of standards of other CoCs, as well as local project performance baselines and local performance goals. SJCoC thresholds and evaluation criteria align with local the policy goal of all SJCoC- and ESG-funded projects

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<sup>2</sup> "SJCoC Project Performance and Reallocation Tool"

<sup>3</sup> For underlying standards, baselines, and comparisons used for the System Performance Measures that are the basis for the Project Performance and Reallocation Tool, please see the following appendices of the "San Joaquin Continuum of Care System-wide Performance Measures, Goals, and Strategies": "Appendix B — SJCoC System Performance 2015-16" "Appendix C — SJCoC System Performance 2016-17" "Appendix D — SJCoC System Performance 2017-18" "Appendix E — SJCoC RRH System Performance 2016-17" "Appendix F — SJCoC RRH System Performance 2017-18" "Appendix G — SJCoC RRH System Performance 2018-19" "Appendix H — SJCoC to Nationwide performance evaluation" "Appendix I — National Homeless Information Project ranking guidelines"

performing at or above the national performance average or median (depending upon which data point was less skewed by extreme outliers in the nation-wide data sets).

The Tool, including the criteria and performance thresholds, is developed by the Committee and approved by the SJCoC Board, after soliciting feedback from the SJCoC General Membership and the SJCoC Board.<sup>4</sup>

## Reallocation Procedure and Timeline

As indicated by the U.S. Interagency Council on Homelessness, reallocations can only occur through the CoC Program Competition. Although the full CoC Program Competition takes place every 2 years, the reallocation of under-performing projects may occur annually. This allows for new or other existing CoC-funded projects to be created or expanded. Continuums should not wait to make reallocation decisions only during the Competition. The Committee will begin the annual project performance renewal review no later than January of each calendar year and will complete the review in no fewer than 12 months. This time window is established to provide project operators sufficient time to respond to any findings of low performance and demonstrate improvement.

Projects will be reviewed using the Tool and Handbook based on their performance during the previous calendar year; projects that have not been in operation for at least 12 months will not be subject to reallocation. Projects that score less than 76% within the Tool and have findings or concerns as reported using the Handbook are considered low performing and are subject to the reallocation process. The following process will be followed:

1. The operator of any project found to be low performing will be informed within 3 business days of the finding by the Committee via writing (email acceptable). The operator must submit a written Plan of Correction that includes any extenuating or exculpatory circumstances leading to "low performance" for the project in question; the operator will have until the next monthly Committee meeting (with a minimum of two weeks from the time of notice to the meeting) to respond with the Plan of Correction. The Committee will then determine if the Plan of Correction is sufficient and will accept or reject the Plan. The Committee may provide feedback in a collaborative fashion to assist the operator in preparing an approved Plan.
2. The low performing project will be evaluated at least monthly by the Committee to judge if progress has been made to correct the deficiencies of the project. The Committee will have some discretion regarding the time given for a project to improve performance, but this time period will be no shorter than 3 months and no longer than 12 months.
3. Within 3 to 12 months, the Committee will make an official recommendation to the SJCoC Board to reallocate funding, or to deem the project as no longer low performing.

Projects will be recommended for final reallocation of funding only if they meet **all** the following criteria:

- Project is categorized as "low performing" based on an objective, standardized review via the Project Performance and Reallocation Tool
- Project fails to provide reasonable, data-based explanation of why low performance is outside project control and that similar factors are likely to limit the performance of any projects funded through reallocation

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<sup>4</sup> The Committee accepts comments on the performance review process, including the Tool, measures and thresholds, and other aspects of the process, via email, via the SJCoC website, at SJCoC general membership meetings, and at SJCoC Board of Directors meetings.

- Project fails to submit a sufficient Plan of Correction that is accepted by the Committee **OR**, if a Plan of Correction has been submitted and accepted but the Project fails to improve performance as determined by the Committee within a time period not to be less than 3 months or more than 12 months
4. The operator of a project that the Committee recommends to the SJCoC Board for final reallocation of funding will be notified in writing no less than 3 business days after the Committee makes its recommendation.<sup>5</sup> Operators will have the ability to appeal the Committee’s recommendation at the SJCoC Board meeting wherein the final reallocation determination is set to be made (see Exemptions from Reallocation section).

Note that projects undergoing the reallocation process may be submitted for renewal under the Competition if a final determination of reallocation has not been made by the SJCoC Board prior to the Competition deadlines. If a project that has been submitted for renewal becomes subject to final reallocation by the SJCoC Board but the Competition is already in process and that project has already submitted for renewal under this policy, the project may continue with the in-progress renewal process but will have its funding reallocated the following year.

<b>Reallocation Process Steps</b>	<b>Time Frame</b>
Committee begins annual performance renewal review	January
Committee completes annual performance renewal review	January-April
Committee notifies any operators that are deemed low performing	Within three days of completing the annual performance renewal review
Operator submits a Plan of Correction in writing to the Committee	Due to the Committee at the meeting following notification of low performance (minimum 2-week window)
Committee conducts monthly review of performance	April through January
Committee makes recommendation to the SJCoC Board on reallocation	At least 3 months but no less than 12 months following initial low performing finding
SJCoC Board makes final reallocation decisions	No longer than 1 month following Committee recommendation regarding low performance and reallocation
Competition deadlines	Variable — depends on Housing and Urban Development

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## **Exemptions from Reallocation**

In order to promote the overall goals of the SJCoC to provide effective housing and support services to the homeless, projects may be exempt under the following circumstances:

- Projects identified as low performing that demonstrate improvement according to their accepted Plan of Correction may be exempted from reallocation. This is important for the overall SJCoC, as it allows for a fair process of correction and improvement.
- Projects that can demonstrate reasonable external causes for poor performance (e.g. sudden loss of housing units, burdensome housing market conditions, etc.) may be exempted from the reallocation process. This is important for the overall SJCoC, as reallocating money from low- performing projects to new projects that are similarly likely to be low performing because of external factors, is an inefficient use of resources.

In addition, projects that have not been in operation for a full 12 months during the project review time window will not be subject to reallocation.

Exemptions from reallocation will be recommended by the Committee and approved by the SJCoC Board.

If the Committee and/or the SJCoC Board do not implement the reallocation processes in a timely fashion according to this Policy — for example, Committee deficiency regarding the timeline, the operator of the “low performing” project has not had reasonable time to improve performance, final reallocation decisions have not been made prior to the annual CoC Program Competition NOFA, etc. — individual projects will not be subject to reallocation.

## **Appeal of Reallocation**

The operator of any project subject to a recommendation from the Committee for final reallocation of funding will have an opportunity to address and engage with the SJCoC Board during the meeting at which the SJCoC Board of Directors considers approving reallocation for that year’s Competition. After hearing any appeals, the SJCoC Board will make the final determination of project reallocation. This determination is considered final and no further appeals will be heard.

If an operator of a project subject to reallocation is a member of the SJCoC Board of Directors, that member shall recuse themselves in a voting capacity as part of the appeal but may represent the operator as part of the SJCoC Board discussion.