TO: MCOC

FROM: Anne Gass

RE: MCOC Reallocation Suggestions

DATE: December 17, 2013

In the 2013 NOFA HUD is using incentive scoring as a strong push to get COCs nationally to prioritize funding for two types of projects that HUD’s research has shown to be particularly effective: a Housing First model for chronically homeless; and rapid re-housing (RRH) for homeless families with children. These approaches support HUD’s goal of eliminating CH by 2015 and ending family homelessness.

As they did last year, COCs have to rank projects in two Tiers. Tier 1 projects are highly likely to get funding, while Tier 2 projects are at greater risk of not receiving funds.

One strategy COCs can use to increase the likelihood of funding for Tier 2 projects is to score higher on the CoC Application (formerly known as Exhibit 1). This year it’s more critical than ever to score well on the Application, as it will cover a two year period. Therefore, the decisions MCOC makes in this year’s Application will bring benefits- or costs- for the next two years.

 HUD is explicitly saying that COCs that choose to reallocate will not be penalized financially:

**All CoCs may use the reallocation process, regardless of their funding status. CoCs that choose to reallocate one or more renewal projects to create new permanent supportive housing projects, rapid re-housing (CoC) projects or HMIS projects may retain the reallocated amount, provided that the new proposed project(s) meets eligibility and quality thresholds established by HUD in order to be conditionally selected for funding**. (from the 2013 GIW).

Among other things, points will be awarded for increasing CH beds, and for increasing the families with children served through RRH. Since there is no new money in this year’s competition, and in fact COCs are told to plan for a 5% cut (due to sequestration), the *only* way to create new resources for CH and RRH is through allocation.

To be clear, while HUD has clearly questioned COCs decisions to fund TH and SSO and has encouraged reallocating those projects, *any* COC project can be re-allocated if it is performing poorly or somehow no longer meets the COC’s needs. MCOC is responsible for doing the analysis and making those tough decisions.

Following is one scenario for maximizing the points received for the CoC Application. Please note that this is all about maximizing points, and not about addressing other goals/needs within the MCOC. However, you do need to think about maximizing points on the CoC Application because that increases your funding opportunities, especially for Tier 2 projects, not just for this year but next year as well.

On the following page is a table with the TH & SSO projects that are in the 2013 renewal pool. To maximize points, strategies include the following:

* Reallocate some or all of the TH and/or SSO projects to RRH and/or to creating new beds for CH.
	+ Maybe the ones to target are those that have struggled with occupancy or have had other difficulties with reporting or meeting HUD requirements (if any fit that profile.)
* If you decide to retain one or more SSO projects, place them in Tier 2 (that will get you 2 bonus points)
* Use a transparent, performance-based process to rank projects (up to 3 points)

