



FY2026 HUD CONTINUUM OF CARE PROGRAM REALLOCATION POLICY GUIDANCE

Version for FY2026 Funding Cycle Approval

Background

The Kent Homelessness Coalition which serves as the Continuum of Care (CoC) for the Cities of Grand Rapids and Wyoming and Kent County is committed to maximizing effectiveness of financial resources to house as many individuals and families as possible. To this end, reallocation of US Department of Housing and Urban Development (HUD) Continuum of Care (CoC) funding may be used and should be undertaken with the utmost care.

Definition

Reallocation means a CoC shifts funds in whole or in part from existing eligible renewal projects to create one or more new or reconfigured projects without decreasing the CoC's Annual Renewal Demand (ARD), consistent with the current annual CoC Program Notice of Funding Opportunity (NOFO) and HUD requirements. New projects or reconfigured projects created through reallocation must meet the requirements set forth in the annual CoC Program NOFO and the project eligibility, project quality, and threshold requirements established by HUD. Each year HUD determines eligible reallocation project types in the CoC Program NOFO.

Policy Cycle and Review

This FY2026 version is intended for approval for the FY2026 CoC Program funding cycle. After completion of the FY2026 CoC Program Competition, the CoC will review this policy and either renew it for upcoming NOFO expectations or reevaluate and revise it as needed to meet new expectations, terms, requirements, or funding-cycle priorities.

Process Overview

Reallocation action will be taken with the goal of alignment with HUD and HEARTH Act policy guidance, performance criteria specified in the annual HUD NOFO, local needs, data, project performance, administrative priorities, and the competitiveness of the Collaborative Application. Each CoC funded project will be evaluated annually using specific information to include but not be limited to: data entered into HMIS, the HUD Annual Performance Report, the HUD Longitudinal Systems Analysis, the CoC project application, cost per household served and other HUD recommended data tools.

Types of Reallocation

Projects may be allocated in the following ways:

- Funding (in whole or part) from one project into a new or reconfigured project by the same provider
- Funding (in whole or part) from one project into a new or reconfigured project by a different provider
- Funding (in whole or part) from multiple projects into one new project
- Funding (in whole or part) from multiple projects into many new projects

I. VOLUNTARY REALLOCATION

If a provider has determined that a project could better serve the community with changes made through reallocation, they may voluntarily submit the project for reallocation. If a provider elects to voluntarily reallocate a project, the provider shall notify the CoC Operations Director of their intent prior to the release of the local application. The provider has the option to submit an application for a new or reconfigured project utilizing the reallocated funds, or they may opt not to apply, which will make the funds available to all other new applicants. The reallocated project will submit as a new project and must meet deadlines established locally for new project applications. The new project must meet HUD threshold requirements and be in alignment with the current NOFO. The new project cannot be a continuation of an old project unless reconfiguration is expressly permitted by the current NOFO and local competition requirements.

Scoring and Ranking

The provider may be able to apply through reallocation for their reallocated funds without those funds being included in the available funding to all new applications. Provided minimum threshold and NOFO requirements are met, the project will be scored and ranked against other projects in the project priority listing.

When a Project Can Reallocate

Projects should consider if the changes they wish to make would best be accomplished through requesting a grant amendment. Examples of situations that would best be handled through a grant amendment versus reallocation follow.

Grant Amendment	Reallocation
A permanent supportive housing program wishes to shift funds within its existing grant from service costs to rental assistance costs in order to create additional units.	Component changes, such as transitional housing that wants to change to permanent supportive housing.
If a transitional housing project wants to reduce the average length of time households are in their programs, they can do so without reallocating.	Major population changes, such as if a project wanted to change from serving families with children to serving individuals experiencing chronic homelessness.

II. INVOLUNTARY REALLOCATION

Renewal projects scoring below the scoring threshold, not serving an identified community need, found to not meet minimum benchmark scores on performance measures as determined by the community, not utilizing funding effectively, ineligible for renewal under the current NOFO, or not meeting HUD statutory, regulatory, threshold, and compliance requirements may be considered for reallocation. Funding from reallocated project(s) will be used to fund new or reconfigured projects through the CoC Program Competition local funding process, except where this policy specifies that funds remain with the original provider because of the original award type, population served, or current NOFO requirements.

FY2026 Involuntary Reallocation Categories

To meet FY2026 requirements, reflect administrative priorities, and maximize points on the Collaborative Application, the CoC will apply the following involuntary reallocation categories for the FY2026 funding cycle, subject to HUD eligibility and local competition requirements:

- Rapid Rehousing (RRH): All Rapid Rehousing projects are not eligible for renewal under the FY2026 NOFO and will automatically be up for reallocation – unless family dedicated.
- TH-RRH funded through DV Bonus or YHDP: All TH-RRH projects that are DV set aside or YHDP-specific will be reallocated to Transitional Housing only and will automatically remain with the original provider. This is due to the original intent and award of both YHDP and DV Bonus funds and the competitive processes associated with those funds.
- Performance-based reallocation: Projects may be involuntarily reallocated based on project performance, including a history of poor performance in the local application process, an application score below 80 percent, and/or a history of recapture.

This policy will be reviewed after completion of the FY2026 CoC Program Competition and modified, renewed, or reevaluated as needed to meet upcoming NOFO expectations, administrative priorities, terms, and requirements.

Policy Approved by Steering Council:

March 20, 2015

September 9, 2016

June 26, 2026

REALLOCATION POLICY

APPENDIX A

HUD THRESHOLDS AND REQUIREMENTS

1. Statutory and Regulatory Requirements.

To be eligible for funding under the CoC Program Funding, project applicants must meet all statutory and regulatory requirements in the Act and 24 CFR part 578. Project applicants can obtain a copy of the Act and 24 CFR part 578 on the HUD Exchange or by contacting the NOFA Information Center at 1-800-HUD-8929 (1-800-483-8929).

2. HUD Threshold Requirements

A. Ineligible Applicants. HUD will not consider an application from an ineligible project applicant, including an application submitted for CoC planning funds or UFA Costs from an applicant other than the Collaborative Applicant.

B. DUNS Number Requirement. All project applicants seeking funding under this program must have a DUNS number and include the number in the Standard Form 424 (SF-424). The SF-424 must be submitted along with the project application in e-snaps. See Section IV.C.2. of the FY 2015 General Section for additional information.

C. Active Registration in SAM. All project applicants seeking funding under this program must have an active SAM registration. HUD will not issue a grant agreement for awarded funds to a project applicant until an active SAM registration has been verified. See Section IV.C.1. of the FY 2015 General Section for additional information.

D. Project Eligibility Threshold. HUD will review all projects to determine if they meet the following eligibility threshold requirements on a pass/fail standard. If HUD determines that the applicable standards are not met for a project, the project will be rejected from the competition. Any project requesting renewal funding will be considered as having met these requirements through its previously approved grant application unless information to the contrary is received (e.g., monitoring findings, results from investigations by the Office of Inspector General, the recipient routinely does not draw down funds from LOCCS at least once per quarter, consistently late APRs.). Approval of new and renewal projects is not a determination by HUD that a recipient is in compliance with applicable fair housing and civil requirements.

(1) Project applicants and potential subrecipients must meet the eligibility requirements of the CoC Program as described in 24 CFR part 578 and provide evidence of eligibility required in the application (e.g., nonprofit documentation).

(2) Project applicants and subrecipients must demonstrate the financial and management capacity and experience to carry out the project as detailed in the project application and to administer Federal funds. Demonstrating capacity may include a description of the applicant/subrecipient experience with similar projects and with successful administration of SHP, S+C, or CoC Program funds for renewing projects or other Federal funds.

(3) Project applicants must submit the required certifications as specified in this NOFA.

(4) The population to be served must meet program eligibility requirements as described in the Act, and the project application must clearly establish eligibility of project applicants. This includes the following additional eligibility criteria for certain types of projects:

(a) The only persons who may be served by any non-dedicated permanent supportive housing beds are those who come from the streets, emergency shelters, safe havens, institutions, or transitional housing.

i. Homeless individuals and families coming from transitional housing must have originally come from the streets or emergency shelters.

ii. Homeless individuals and families with a qualifying disability who were fleeing or attempting to flee domestic violence, dating violence, sexual assault, stalking, or other dangerous or life threatening conditions and are living in transitional housing are eligible for permanent supportive housing even if they did not live on the streets, emergency shelters, or safe havens prior to entry in the transitional housing.

iii. Persons exiting institutions where they resided for 90 days or less and came from the streets, emergency shelter, or safe havens immediately prior to entering the institution are also eligible for permanent supportive housing.

(b) The only persons who may be served by dedicated or 29 prioritized permanent supportive housing beds are chronically homeless individuals and families as defined in 24 CFR 578.3.

(c) Rapid Re-housing projects originally funded to serve individuals and families coming from the streets or emergency shelters or persons meeting the criteria of paragraph (4) of the definition of homeless, must continue to do so.

(d) New Rapid Re-housing projects created through reallocation may serve individuals, including unaccompanied youth, and families coming from the streets or emergency shelters or persons fleeing domestic violence or other persons who qualify under paragraph (4) of the definition of homeless; however, these program participants must meet the all other criteria for this type of housing (i.e., individuals and household with children who enter directly from the streets or emergency shelter).

(e) The projects originally funded as part of the FY 2008 Rapid Re-Housing for Families Demonstration may transition in this CoC Program Competition to permanent housing: rapid rehousing. Therefore, any of these projects that want to change from transitional housing with leasing, may change the current budget line items from leasing to tenant-based rental assistance (may request actual rent or FMR) and move any operating costs to an eligible supportive services activity, an HMIS budget line item, or may be used to add additional units. If the project wants to remain as transitional housing, it must continue operating in accordance with the FY 2008 CoC Homelessness Assistance Grants Programs NOFA.

(f) Renewal projects originally funded under the Samaritan Housing Initiative must continue to exclusively serve chronically homeless individuals and families, unless there are no chronically homeless individuals and families within the CoC geographic area that can be served by the project. CoCs should not hold units vacant, but instead should prioritize other vulnerable and eligible households as outlined in Notice CPD-14-012.

(g) Renewal projects originally funded under the Permanent Supportive Housing Bonus in previous years must continue to serve the homeless population in accordance with the respective NOFA under which it was originally awarded.

(h) Renewal projects that indicated they would prioritize chronically homeless persons in beds that become available through turnover in non-dedicated permanent supportive housing projects must continue to do so.

(5) The project must be cost-effective, including costs of construction, operations, and supportive services with such costs not deviating substantially from the norm in that locale for the type of structure or kind of activity.

(6) Project applicants, except Collaborative Applicants that only receive awards for CoC planning costs and, if applicable, UFA Costs, must agree to participate in a local HMIS system. However, in accordance with

Section 407 of the Act, any victim service provider that is a recipient or subrecipient must not disclose, for purposes of HMIS, any personally identifying information about any client. Victim service providers must use a comparable database that meets the needs of the local HMIS.

(7) Project applicants must administer their programs or activities in the most integrated setting appropriate to the needs of qualified homeless with disabilities. This means that programs or activities must be offered in a setting that enables the homeless with disabilities to interact with others without disabilities to the fullest extent possible.

E. Project Quality Threshold. HUD will review all new project applications to determine if they meet the following project quality threshold requirements with clear and convincing evidence. Any project requesting renewal funding will be considered as having met these requirements through its previously approved grant application unless information to the contrary is received (e.g., monitoring findings, results from investigations by the Office of Inspector General, consistently slow draws from LOCCS, consistently late APRs) and if the renewal project has compliance issues which results in the project not operating in accordance with 24 CFR part 578. The housing and services proposed must be appropriate to the needs of the program participants and the community. A determination that a project meets the project quality threshold is not a determination by HUD that a recipient is in compliance with applicable fair housing and civil rights requirements.

(1) To be considered as meeting project quality threshold, new permanent housing—permanent supportive housing and rapid re-housing—project applications must receive at least 3 out of the 5 points available for the criteria below. New permanent housing project applications that do not receive at least 3 points will be rejected.

(a) Whether the type, scale, and location of the housing fit the needs of the program participants (1 point);

(b) Whether the type and scale of the supportive services fit the needs of the program participants—this includes all supportive services, regardless of funding source (1 point);

(c) Whether the specific plan for ensuring program participants will be individually assisted to obtain the benefits of the mainstream health, social, and employment programs for which they are eligible to apply meets the needs of the program participants (1 point);

(d) Whether program participants are assisted to obtain and remain in permanent housing in a manner that fits their needs (1 point); and,

(e) Whether at least 75 percent of the proposed program participants come from the street or other locations not meant for human habitation, emergency shelters, safe havens, or fleeing domestic violence (1 point).

(2) To be considered as meeting project quality threshold, new SSO projects for centralized or coordinated assessment systems must receive at least 2 out of the 4 points available for the criteria below. SSO projects for centralized or coordinated assessment systems that do not receive at least 2 points will be rejected.

(a) Whether the centralized or coordinated assessment system is easily accessible for all persons within the CoC's geographic area who are seeking information regarding homelessness assistance (1 point);

(b) Whether there is a strategy for advertising the program that is designed specifically to reach homeless persons with the highest barriers within the CoC's geographic area (1 point);

(c) Whether there is a standardized assessment process (1 point); and

(d) Whether the program ensures that program participants are directed to appropriate housing and services that fit their needs (1 point).

(3) To be considered as meeting project quality threshold, new HMIS project applications must receive at least 3 out of the 4 points available for the criteria below. New HMIS projects that do not receive at least 3 points will be rejected.

(a) How the HMIS funds will be expended in a way that is consistent with the CoC's funding strategy for the HMIS and furthers the CoC's HMIS implementation (1 point);

(b) Whether the HMIS collects all Universal Data Elements as set forth in the HMIS Data Standards (1 point);

(c) Whether the HMIS un-duplicates client records (1 point); and 32

(d) Whether the HMIS produces all HUD-required reports and provide data as needed for HUD reporting (e.g., APR, quarterly reports, data for CAPER/ESG reporting) (1 point).

(4) To be considered as meeting project quality threshold, the Collaborative Applicant's application for new CoC planning funds must receive at least 6 out of 10 points using the criteria below. Applications that do not receive at least 6 points will be rejected. Applications for UFA Costs are not subject to a threshold review, as UFA status was determined as part of Registration.

(a) Governance and Operations. Whether the CoC conducts meetings of the entire CoC membership that are inclusive and open to members and whether the CoC is able to demonstrate that it has a written governance charter in place that contains CoC policies (2 points).

(b) CoC Committees. Whether the CoC has CoC-wide planning committees, subcommittees, or workgroups to the address homeless needs in the CoC's geographic area that recommend and/or set policy priorities for the CoC (2 points).

(c) The proposed planning activities that will be carried out by the CoC with grant funds are compliant with the provisions of 24 CFR 578.7 (4 points); and

(d) The funds requested will improve the CoC's ability to evaluate the outcome of both CoC Program-funded and ESG-funded projects (2 points).

(5) Additionally, HUD will assess all new projects for the following minimum project eligibility, capacity, timeliness, and performance standards. To be considered as meeting project quality threshold, all new projects must meet all of the following criteria:

(a) Project applicants and potential subrecipients must have satisfactory capacity, drawdowns, and performance for existing grant(s) that are funded under the SHP, S+C, or CoC Program, as evidenced by timely reimbursement of subrecipients, regular drawdowns, and timely resolution of any monitoring findings;

(b) For expansion projects, project applicants must clearly articulate the part of the project that is being expanded. Additionally, the project applicants must clearly demonstrate that they are not replacing other funding sources; and

(c) Project applicants must demonstrate they will be able to meet all timeliness standards per 24 CFR 578.85. Project 33 applicants with existing projects must demonstrate that they have met all project renewal threshold requirements of this program. HUD reserves the right to deny the funding request for a new project, if the request is made by an existing recipient that HUD finds to have significant issues related to capacity, performance, or unresolved audit/monitoring finding related to one or more existing grants. Additionally, HUD reserves the right to withdraw funds if no APR is submitted on the prior grant.

F. Project Renewal Threshold. A CoC must consider the need to continue funding for projects expiring in the next calendar year. Renewal projects must meet minimum project eligibility, capacity, timeliness, and performance standards identified in this program's annual NOFA or they will be rejected from consideration for funding.

(1) When considering renewal projects for award, HUD will review information in LOCCS; Annual Performance Reports (APRs); and information provided from the local HUD CPD Field Office, including monitoring reports and A-133 audit reports as applicable, and performance standards on prior grants, and will assess projects using the following criteria on a pass/fail basis:

(a) Whether the project applicant's performance met the plans and goals established in the initial application as amended;

(b) Whether the project applicant demonstrated all timeliness standards for grants being renewed, including that standards for the expenditure of grant funds have been met;

(c) The project applicant's performance in assisting program participants to achieve and maintain independent living and record of success, except HMIS-dedicated projects are not required to meet this standard; and

(d) Whether there is evidence that a project applicant has been unwilling to accept technical assistance, has a history of inadequate financial accounting practices, has indications of project mismanagement, has a drastic reduction in the population served, has made program changes without prior HUD approval, or has lost a project site.

(2) HUD reserves the right to reduce or reject a funding request from the project applicant for the following reasons:

(a) Outstanding obligation to HUD that is in arrears or for which a payment schedule has not been agreed upon;

(b) Audit finding(s) for which a response is overdue or unsatisfactory;

(c) History of inadequate financial management accounting practices;

(d) Evidence of untimely expenditures on prior award;

(e) History of other major capacity issues that have significantly affected the operation of the project and its performance;

(f) History of not reimbursing subrecipients for eligible costs in a timely manner, or at least quarterly; and

(g) History of serving ineligible program participants, expending funds on ineligible costs, or failing to expend funds within statutorily established timeframes.

G. Resolution of Outstanding Civil Rights Matters Threshold. In order for a project application to be eligible for rating and ranking by HUD, the project applicant and the proposed subrecipient must meet the civil rights threshold requirements in Section III.C.2.b. of the FY 2015 General Section. h. Certification of Consistency with the Consolidated Plan. For each applicant that is not a State or unit of local government, the applicant must submit a certification by the jurisdiction in which the proposed project will be located that the applicant's application for funding is consistent with the jurisdiction's HUD-approved consolidated plan. The certification must be made in accordance with the provisions of the consolidated plan regulations at 24 CFR part 91, subpart F. Form HUD-2991 must be used and must list all new projects, CoC planning, UFA Costs, and renewal projects within the jurisdiction that are consistent with the Consolidated Plan. For a project applicant that is a State or unit of local government, the jurisdiction must certify that it is following its HUD-approved Consolidated Plan.

3. Other HUD Requirements. The list below highlights requirements contained in the General Section (and in other regulations) that is especially important for CoCs and project applicants to review in detail. This is not an exhaustive list of all HUD requirements. All of the requirements of the FY 2015 General Section apply to the CoC Program, except as otherwise specified in the current year NOFA. An applicant can access the General Section of HUD's FY 2015 NOFA http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/grants/fundsavail/2015gensec. Note that the General Section of HUD's FY 2015 NOFA is critical and must be carefully reviewed to ensure an application can be considered for funding, with the exception of reference to the www.grants.gov application process and other exceptions specifically listed in the NOFA. The CoC Program uses an electronic system outside of www.grants.gov called e-snaps. Notification of the availability of the application will be released via HUD's websites located at www.hud.gov and www.hudexchange.info. To sign up for HUD's CoC Program email-based listserv, go to www.hudexchange.info/maillinglist/.

A. Fair Housing and Equal Opportunity. See 24 CFR 578.93 for specific requirements related to Fair Housing and Equal Opportunity.

B. Equal Access to Housing in HUD Programs Regardless of Sexual Orientation or Gender Identity. See the Federal Register dated February 1, 2012, Docket No. FR 5359-F-02 and Section VI.B.2. of the General Section.

C. Debarment and Suspension. See Section III.C.4.c. of the FY 2015 General Section. Additionally, it is the responsibility of the recipient to ensure that all subrecipients are not debarred or suspended. (24 CFR 578.23((3)(c)(4)(v)).

D. Delinquent Federal Debts. See Section III.C.4.a. of the FY 2013 General Section.

E. Compliance with Fair Housing and Civil Rights. See Section III.C.3.a. of the FY 2015 General Section.

F. Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency (LEP)." See Section III.C.3.d. of the FY 2015 General Section.

G. Economic Opportunities for Low- and Very Low-income Persons (Section 3). See Section III.C.3.c. of the FY 2015 General Section.

H. Real Property Acquisition and Relocation. See Section VI.B.4. of the FY 2015 General Section.

I. Conducting Business in Accordance with Core Values and Ethical Standards/Code of Conduct. See Section III.C.3.f. of the FY 2015 General Section.

J. Prohibition Against Lobbying Activities. See Section III.C.3.h. of the FY 2015 General Section.

K. Participation in HUD-Sponsored Program Evaluation. See Section VI.B.6. of the FY 2015 General Section.

L. Environmental Requirements. Notwithstanding provisions at 24 CFR 578.31 and 24 CFR 578.99(a) of the CoC Program interim rule, and in accordance with Section 100261(3) of MAP-21 (Pub. L. 112-141, 126 Stat. 405), activities under this program's NOFA are subject to environmental review by a responsible entity under HUD regulations at 24 CFR part 58.

(1) For activities under a grant to a recipient other than a State or unit of general local government that generally would be subject to review under part 58, HUD may make a finding in accordance with 24 CFR 58.11(d) and may itself perform the environmental review under the provisions of 24 CFR part 50 if the recipient objects in writing to the responsible entity's performing the review under part 24 CFR part 58.

(2) Irrespective of whether the responsible entity in accordance with 24 CFR part 58 (or HUD in accordance with 24 CFR part 50) performs the environmental review, the recipient must supply all available, relevant information necessary for the responsible entity (or HUD, if applicable) to perform for each property any required environmental review. The recipient also must carry out mitigating measures required by the responsible entity (or HUD, if applicable) or select alternative property.

(3) The recipient, its project partners, and their contractors may not acquire, rehabilitate, convert, lease, repair, dispose of, demolish, or construct property for a project under this NOFA, or commit or expand HUD or local

funds for such eligible activities under this NOFA, until the responsible entity (as defined by 24 CFR 58.2(a)(7)) has completed the environmental review procedures required by 24 CFR part 58 and the environmental certification and Request for Release of Funds (RROF) have been approved or HUD has performed an environmental review under 24 CFR part 50 and the recipient has received HUD approval of the property. HUD will not release grant funds if the recipient or any other party commits grant funds (i.e., incurs any costs or expenditures to be paid or reimbursed with such funds) before the recipient submits and HUD approves its RROF (where such submission is required).

M. Drug-Free Workplace. See Section VI.B.9. of the FY 2015 General Section.

N. Safeguarding Resident/Client Files. See Section VI.B.10 of the FY 2015 General Section.

O. Compliance with the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 209-282) (Transparency Act), as amended. See Section VI.B.11. of the FY 2015 General Section.

P. Lead-Based Paint Requirements. For housing constructed before 1978 (with certain statutory and regulatory exceptions), CoC Program recipients must comply with the requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4801, et seq.), as amended by the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851, et seq.); and implementing regulations of HUD, at 24 CFR part 35; the Environmental Protection Agency (EPA) at 40 CFR part 745, or State/Tribal lead rules implemented under EPA authorization; and the Occupational Safety and Health Administration at 29 CFR 1926.62 and 29 CFR 1910.1025.

Commented [CM1]: Consider removing this altogether for the FY26 policy