

SLC CoC FY2023 CoC NOFO Competition

Returned Funds & Eligible Reallocation Overview

The below report shows funds that have been returned to HUD or unspent in the last two years. SLC CoC's Ranking & Review policy indicates that applicants can reallocate or have a portion of their funding reduced if they return more than 15% of funds for 2 consecutive years. Funds can also be reallocated from organizations that show a history of low performance including poor financial management. The reallocated funds then go into a pool to help fund new projects in the CoC. Reallocated funds cannot be used to protect renewal funding that may be cut from Tier 2 by HUD and can only be applied to new projects. Projects can voluntarily reallocate, have reallocation recommended by the CoC known as involuntarily reallocation, and/or a combination of voluntary/involuntary reallocation.

Reallocation recommendations in the CoC are first prepared by the CoC Planning & Evaluation Committee and then amended (as needed) and voted on by the Ranking & Review Committee which met on August 16th, 2023. Reallocation amounts are then shared with project applicants and open for appeals for two business days. The reallocation amounts are then finalized by a CoC governance board meeting (Heading Home Advisory Council) which will host a public meeting to finalize funding recommendations on August 24th, 2023 from 1-3pm via Microsoft Teams.

The Salvation Army

Rapid Rehousing: Salvation Army has returned more than 15% of their Rapid Rehousing Grant 2 years in a row to HUD. Please see below. TSA is unlikely to return funds from their current RRH grant but is also taking on CHUM's RRH grant as a subcontractor. The grant will be transferred to them soon.

Proposal: Do not reallocate TSA this year as it is unlikely the unspent funds trend will continue given the financial plan reported to the CoC and the spending trends in the current grant. The Ranking & Review committee has two options:

- 1) accept the proposal to not reallocate TSA's RRH grant this year OR
- 2) recommend a reallocation amount for this grant.

FY2020	\$20,699.70
FY2021	\$36,681.00
FY2022 (Current)	\$4,678.00
	Balance Ends 09/30/2023

Ranking & Review Decision: The Ranking & Review committee chose to not reallocate from Salvation Army's Rapid Rehousing grant in this grant cycle as they are likely to spend down all funds.

CHUM

Rapid Rehousing: CHUM took over administration on the RRH project two years ago from Duluth HRA and has struggled since to integrate the program into their agency. CHUM has not had a staff member running this program in almost a year and decided not to hire for the position. CHUM recently began contracting with Salvation Army to run the program and will transfer the funding to TSA to administer as soon as HUD approves them to do so.

Proposal: Reallocate a portion of this budget prior to the transfer to Salvation Army as both TSA and CHUM have a history of returned funds in the two grant cycles. Although TSA has worked hard to reduce their unspent funds, doubling the grant size is likely to return funds. The full amount of this grant is \$125,379.00, the proposed reallocation amount from the CoC is \$25,379.

The Ranking & Review committee has two options:

- 1) accept this amount of reallocation OR
- 2) recommend a lower reallocation or additional reallocation from CHUM's RRH project.

Ranking & Review Decision: The Ranking & Review Committee voted to reallocate **\$50,379** which leaves Salvation Army with enough to serve 5 households with some budget flexibility. This would mean 15 total households served once added to the current TSA RRH project. This decision was reached to try to get Salvation Army to a manageable sized RRH grant in the transfer process and because both Salvation Army & CHUM have a history of unspent funds.

FY2020	\$55,230.64
FY2021	\$15,152.16
FY2022 (Current)	\$80,098.52 Balance Ends 09/30/2023

St. Francis Apartments: The full budget for this grant is \$307,567. CHUM launched this program almost 2 years ago with the first move-in occurring October 2021. The project has struggled significantly with managing and spending funds, staffing, and vacancy rates. CHUM reports that the original budget of the grant put all the funding into rental assistance, and they estimate that they need \$134,000 a year in leasing costs and \$14,000 in administrative costs. They are working with HUD to move other funding into a support service budget line item in future grants. They hope this will minimize unspent funds. After all expenses are drawn from their current grant, CHUM anticipates about \$140,000 in unspent funds returned to HUD.

Proposal: After meeting with CHUM, CHUM agreed to **reallocate \$61,513 back** to the CoC in the FY2023 CoC NOFO competition and the CoC recommends an additional reallocation amount of **\$38,487, for a total of \$100,000 of reallocation**. The Ranking & Review committee has two options:

- 1) accept this amount of reallocation OR

2) recommend a lower amount or additional reallocation.

Ranking & Review Decision: Reallocate a total of **\$107,567** from this project, leaving CHUM \$200,000 for rent and services at St. Francis Apartments. This number was determined based on a history of returning funds from this project as well as a history of financial management challenges with CoC funding. The Ranking & Review committee agreed that the amount of reallocated funding should be closer to the amount of the average returned funds from this project. The Ranking & Review committee discussed CHUM's goal of moving a large part of the budget into a support services budget line item moving forward and agreed that a budget of \$200,000 leaves room in the budget to cover rent and some support services.

FY2021	\$189,000
FY2022 (Current)	\$231,633.00 Balance Ends 09/30/2023

Range Mental Health Center

Combined Rental Assistance Grant: RMHC's combined rental assistance grant is a rural voucher-based rental assistance program that relies on private landlords for most of their rental units. They have a history of returning funds to HUD and most often report that this is due to inability to find landlords and difficulty in verifying rural homelessness which slows down move-in times. An additional factor is varying household sizes and leaving enough budget flexibility to have singles and families access the program. It is unclear how this can change in a way that leads to funds being spent down fully. Last year RMHC voluntarily reallocated \$27,500 back to the CoC but continue to return funds. It is likely they will return funds again this year.

Proposal: RMHC has agreed to voluntarily reallocate **\$23,500** from this project moving forward. The Ranking & Review committee has two options:

- 1) accept this amount for reallocation OR
- 2) recommend additional reallocation.

Ranking & Review Decision: The Ranking & Review committee approved the voluntarily reallocation amount of \$23,500 from this project. This acknowledges that RMHC voluntarily reallocated \$27,500 last year and continues to work on finding the right size budget for this project and has a plan for onboarding new households in this project.

FY2019	\$73,979.00
FY2020	\$70,672.00
FY2021	\$81,927.00
FY2022 (Current)	\$70,546.00 Ended 05/31/2023, can draw funds until end of August

Reallocation scenarios:

We have four new projects competing for reallocation funds this year and the Ranking & Review Committee can determine how to apply these funds. They can apply it all to one project or divide it among new projects based on your review and recommendation. New projects with reallocation applied are more competitive for new funds in the CoC NOFO competition when reviewed by HUD.

Reallocation Amount Available: \$181,446

Ranking & Review Decision: Apply \$35,567 to the HMIS expansion grant and the remaining \$145,879 to Wadena West as the highest scoring new project and the only project that adds beds to the CoC.

New Projects:

- HMIS expansion grant: \$35,567
- Center City Housing Wadena West: \$145,879
- HDC Support Services expansion grant for PSH: \$89,875
- CHUM's DV services for Steve O'Neil Apartments: \$98,222