Indiana Balance of State CoC FY 2019 NOFA Competition Project Ranking and Reallocation Policy

# Purpose

On an annual basis, the Indiana Balance of State Continuum of Care is required to rate and rank all new and renewal projects submitted to HUD for funding in an order that reflects the CoC’s needs and priorities. Additionally, HUD requires CoCs to review the performance of all funded projects and seek to reallocate funding away from low performing projects or those providing services that are of a lower priority in preventing and ending homelessness.

The Indiana Balance of State is seeking to accomplish the following in the rating and ranking and of projects:

* Incentivize all providers to focus on outcomes and to seek to achieve the performance targets specified by the CoC and to improve the performance of the CoC system.
* Encourage providers to adopt evidence based practices including Housing First to more effectively employ CoC resources.
* Replace projects that are not high performing, cost-effective, or following evidence based practices with new projects that follow CoC and HUD priorities.

# Policy

All new and renewal projects will be ranked by the CoC. The primary factor controlling the ranking of projects will be the scores assigned to renewal and new projects. Scoring is based on project performance, grant management, community outcomes, serving people with greatest need and highest vulnerability, and adherence to policy priorities. Renewal projects will be evaluated in terms of their performance and in fully expending grant funds.

Renewal projects that have fully expended funds and have satisfactory performance will be ranked at their existing funding level based on their renewal performance scores. Those renewal projects that have satisfactory performance but that have not adequately expended funds will be ranked according to their performance score at a reduced funding level. Projects with unsatisfactory performance and that are unable to improve performance through a performance improvement plan will not be renewed for funding.

Because the CoC has evaluated all renewal projects and only ranks those renewals with satisfactory performance and expenditures and because these projects are successfully serving people who have experienced homelessness, renewal projects will be ranked above new projects. Renewal projects that have yet to have a full years of operations and therefore cannot be evaluated for performance will be ranked below the scored renewal applications. New applications will be ranked below the renewal applications.

There are two categories of projects that will not be ranked according to performance scores:

* Projects that are essential to the operation of the CoC. This includes funding for HMIS and Coordinated Entry. These are unique projects focused on CoC operations and that cannot be readily evaluated or compared to other CoC funded projects. Failure to renew this funding would have negative consequences for the CoC and jeopardize future funding opportunities.
* First time renewal of newly funded grants. HUD requires newly funded one-year project grants to be renewed in the competition. In most instances, these projects will not be able to report on a full year’s worth of operations in the APR.

The two project types identified above will not be assigned scores. These projects will be ranked by the CoC to assure – to the maximum extent possible – that they will be funded in the competition. Subject to review based on the actual NOFA, these projects will be ranked at the bottom of Tier 1, with all of their funding above the Tier 1/Tier 2 demarcation.

All other CoC projects will be ranked according to scores in the order specified above:

* Renewal projects will be ranked according to adjusted renewal project score. Renewal scores will be adjusted as follows: if the highest scoring renewal project scores less than 100 points, then all renewal scores will be adjusted upward by the difference between the highest scoring renewal project and 100.
* In the event of a tie between two renewal or new projects, the project serving the most participants will be ranked highest. In the event that does not break the tie, the final deciding factor will be the cost-effectiveness score. Those with the greater cost-effectiveness will be scored higher.

New in 2018, applicants were able to apply for projects under the Domestic Violence Bonus (DV Bonus). There are separate resources dedicated to serving those who are survivors of domestic violence, dating violence or stalking. All projects seeking funding under this bonus must follow Housing First. Eligible project types that may only serve DV survivors include:

* Rapid rehousing for families and individuals
* Joint TH-Rapid rehousing for families and individuals.

These projects are scored separately by HUD based on: the overall CoC score, need for the project, and experience of the provider. Because of how HUD funds the DV bonus projects, these projects will be ranked below other new projects. There is no limit on the number of DV bonus projects that can be submitted for Rapid Rehousing or the Joint TH-RRH model. Provided the proposed project meets threshold factors, the CoC will rank all DV bonus projects for which there is sufficient funding.

The minimum score for automatic renewal of CoC funded projects is 65% of the highest scoring project.

If the highest scoring project receives a score of 100, then all projects scoring below 65 will be reallocated unless a Project Improvement Plan has been submitted and approved by the CoC board. Should the highest scoring project receive a score of 90, then the minimum acceptable score would be 58.5.

The Project Improvement Plan must specify how the project will improve performance and meet standards in the upcoming year. If the CoC board accepts the Project Improvement Plan, the grantee will be allowed to apply for renewal funding.

Any legal applicant for CoC funds can apply for new projects from the bonus pool or the uncommitted reallocation pool. The CoC will only rank new projects for which there is sufficient funding in the bonus or reallocation pool to fully fund the project.

## Policy on Expenditure of Grant Funds

Funds unexpended at the completion of the grant term are recaptured by HUD. In some instances these funds are then allocated to other CoCs or in other cases are returned to the federal treasury. The Indiana Balance of State seeks to minimize this recapture of funding and to the maximum extent possible ensure that homeless assistance funding allocated to Indiana is used to support homeless people in the state.

**Underexpenditure policy**

It is the policy of the Indiana Balance of State that CoC funds granted to an applicant agency will either be fully expended to assist eligible homeless people or the CoC will recapture the unspent funding and add it to the pool of resources available for reallocation.

Indiana Balance of State CoC grantees that expended less than 75% of their funding in the most recent grant year saw their grants reduced by a minimum of 10%; those who expended below 50% saw their grants reduced by 25%. This process will continue in future competitions with the thresholds for repurposing increasing until all grantees are expending at least 90% of grant funds.

The scoring criteria for new and renewal applications are attached to this document.