

**CoC Ad Hoc Meeting
August 11, 2017**

Present: Scott Larson, Stephen Stoewer Jean Watkins, and Carla Vargas (Jeanne Awrey Absent).

Ad-Hoc Committee Recommendations

1. Background

On April 10, 2017 HUD released the FY 2017 CoC Program Registration Notice. On page 11 of the notice it stated, "In the FY 2017 CoC Program Competition, HUD anticipates allowing COCs to use the reallocation process to create, at a minimum, the following new projects.

- new permanent supportive housing projects that will primarily serve chronically homeless individuals and families; including unaccompanied youth;
- new rapid rehousing projects for homeless individuals and families, including unaccompanied you, coming directly from the streets or emergency shelters, or persons fleeing domestic violence situations and other persons meeting the criteria of paragraph (4) of the definition of homelessness;
- new joint component projects, which will combine TH and PH-RRH into a single project to serve individuals and families experiencing homelessness;
- new dedicated HMIS projects; or
- new Supportive Services Only (SSO) projects for a centralized or coordinated assessment systems.

CoCs may choose to eliminate or reduce one or more eligible renewal projects to create one or more reallocated projects."

Having received this direction from HUD, the Ad-Hoc Committee met on April 17, 2017 to discuss the performance measures to be used (by housing type) in the analysis for potential reallocation and ranking of projects. These recommendations were presented to the CoC Executive Directors on May 5, 2017 who then provided feedback to the Ad-Hoc Committee. On May 9, 2017, the Ad-Hoc Committee met to finalize the performance measures. These measures were then sent to the Commission to End Homelessness (C2eH) for approval. Along with the Preliminary CoC Funding Application Policy and Process Recommendations document, the performance measures were approved at the May 12, 2017 C2eH meeting. Subsequently, these measures were used to review project performance for reallocation analysis and recommendations. This year's goal has been to align the performance measures as closely as possible with the System Performance Measures (SPM) submitted to HUD in the Homeless Data Exchange (HDX).

On July 14, 2017 the FY 2017 CoC Program Competition NOFA was released. The NOFA further expounded on the reallocation process and the importance of using performance measures by stating on page 10 that:

- CoCs cannot receive grants for new projects, other than through reallocation, unless the CoC competitively ranks projects based on how they improve system performance;
- HUD is increasing the share of the CoC score that is based on performance criteria; and
- HUD will prioritize funding for CoCs that have demonstrated the ability to reallocate resources to higher performing projects.

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The NOFA also stated that CoCs may create new projects by making funds available through reallocation or by using amounts available through the permanent housing bonus.

New in the FY 2017 CoC Program Competition (NOFA page 12), HUD allow project applicants to apply for a *new expansion project* under the reallocation process or permanent housing bonus in order to expand existing eligible renewal projects that will increase the number of units in the project, or allow the recipient to serve additional persons.

As in year's past, CoCs will be required to rank all new and renewal project applications submitted by project applicants in e-snaps. HUD will also continue the Tier 1 and Tier 2 funding process. HUD has established each CoC's Tier 1 and Tier 2 amounts based on the total amount of funds requested by eligible renewal project applications. This is referred to as the Annual Renewal Demand (ARD). This year HUD has determined that Tier 1 is equal to 94% of a CoC's ARD. Projects in this tier are conditionally selected from the highest scoring CoC to the lowest scoring CoC, provided the project applications pass both eligibility and threshold review. Any type of new or renewal project application can be placed in Tier 1.

Tier 2 is the difference between Tier 1 and the CoC's ARD plus any amount available for the permanent housing bonus. This does not include the amounts available for CoC planning grants. Project applications that are in Tier 2 will be selected for FY 2017 CoC Program funding using a process/formula described in the NOFA. Projects placed in Tier 2 will be assessed for eligibility and threshold requirements, and funding will be determined using the CoC's overall score, CoC project ranking order, and a project's commitment to Housing First.

If a project application straddles the Tier 1 and Tier 2 funding line, HUD will conditionally select the project up to the amount of funding that falls within Tier 1 as stated above; and then, using the CoC score and other factors described in the NOFA, HUD may fund the Tier 2 portion of the project. If HUD does not fund the Tier 2 portion of the project, HUD may award the project at the reduced amount, provided the project is still feasible with the reduced funding (e.g., is able to continue serving homeless program participants effectively).

This year the funding available for the CA-602 Santa Ana, Anaheim/Orange County CoC is as follows:

Annual Renewal Demand (ARD) - \$ 21,703,735
Tier 1 (94% of ARD) – \$20,401,511
Tier 2 (6% of ARD) – \$1,302,224
Permanent Housing Bonus (6% Of ARD) - \$1,302,224
Planning Grant - \$ 651,112

Based on the instructions given in the NOFA and the performance measures approved by the C2eH, the Ad-Hoc Committee met on August 4, 2017 to analyze the final performance results for each project and to determine a possible strategy for reallocating, ranking and tiering of each project. Immediately following, the Ad-Hoc Committee met with the CoC Executive Directors and had a comprehensive discussion about reallocation of funds and what projects should receive them, how projects should be ranked, what Tier 1 and Tier 2 should look like and what kind of projects should be emphasized in the bonus project Request for Proposal (RFP). The Ad-Hoc was given instructions to meet once more and to make final recommendations regarding these items. With the understanding that these recommendations would go before the C2eH at the next meeting. The Ad-Hoc Committee met again on August 11, 2017 and these are their recommendations:

2. Recommendations

Recommendation 1 – Reallocation

Four projects agreed to reallocate in whole or in part funds toward the expansion of existing projects.

- Orange County Gateway to Housing (OCGH) RRH - \$125,000
- Orange County Housing Authority (OCHA) - \$284,759
 - o VOALA S+C - \$204,002
 - o Jackson Aisle - \$15,087
 - o Consolidated - \$65,670

TOTAL Available for Reallocation: \$409,759

The Ad-Hoc recommends that the total reallocated amount of \$409,759 should be divide evenly amongst the two top performing PSH projects (Mercy House – OC PSH Collaboration Project II and Illumination Foundation – Street2Home) for the expansion of their projects. This recommendation was previously discussed at the ED meeting where there was concurrence with this direction. This funding is to be used for increasing direct housing placement assistance proportionate to each projects current serving capacity.

Recommendation 2 – Ranking and Tiering

Ranking: Project rankings are to be based solely on performance weighted score. Previously the C2eH had approved a two-part scoring rubric that included possible points from the LOI Part I. However, it was determined by consensus at the ED Meeting along with the Ad Hoc Committee that the LOI Part 1 scores would not be used for ranking purposes but as a tie breaker if necessary.

Tiering: Because of where the funding line fell this year, one project by necessity would be required to straddle Tier 1 and Tier 2. Fullerton Interfaith Emergency Services (Pathways of Hope) was chosen to straddle this year based on two factors. 1) Poor performance and 2) History of unspent funds. The portion of their project placed in Tier 2 aligns with their historic unspent funds amount. The strategic decision was also made to place a higher performing OCHA project (2003 Shelter Plus Care) in Tier 2 in lieu of multiple small projects. This was also done ensure Service Planning Area (SPA) coverage. Finally, the Ad-Hoc determined that the Bonus Project(s) should be placed higher than lowest performing project from OC Gateway to Housing. The Ad Hoc also agrees to delegate the ranking of Bonus Projects, if more than one is to be recommended for funding.

Recommendation 3 – Request for Proposal (RFP)

The RFP has been issued to solicit proposals for the Bonus Project(s). These proposals are required to target PSH for chronically Homeless (individuals, family, and youth experiencing homelessness). The Bonus Project(s) may be one large project or two smaller projects. The RFP process may include a question and answer session at the discretion of the RFP review panel.

Recommendation 4 – DedicatedPLUS Projects

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In the FY 2017 CoC Program Competition NOFA, HUD created the DedicatedPLUS concept to provide more flexibility to communities, particularly those that have already dedicated 100 percent of the PSH resources to chronic homelessness, to expand their eligibility to serve persons with long histories of homelessness and severe service needs who would not meet the definition of chronic homelessness at project entry. The DedicatedPLUS concept applies at the project level. All new PSH projects are required to either be (1) 100 percent dedicated to chronic homelessness or (2) DedicatedPLUS. Renewal PSH projects are given the option in the electronic HUD application choose to change their classification to DedicatedPLUS as part of their project application.

Since the 2017 Point-in-Time Count revealed a 60% increase in the chronic homeless population in Orange County, the Ad-Hoc recommends that no projects be allowed to reclassify as DedicatedPLUS and that all new and current projects dedicated to 100% chronic homeless continue to be so classified.

The Ad-Hoc Committee ask that the C2eH approve all recommendations and this document as presented.