

Orange County Continuum of Care Program

Notice of Funding Opportunity Reallocation Strategy

Background

The U.S. Department of Housing and Urban Development (HUD) formerly released an annual Continuum of Care (CoC) Program Notice of Funding Opportunity (NOFO) that allowed CoCs nationwide to apply for competitive funding. In 2024, for the first time, HUD issued a two-year CoC Program NOFO as authorized by the Consolidated Appropriations Act, 2024. The CoC Program NOFO details the process for CoC Renewal Projects (renewal projects) and new projects and may make CoC Bonus and Domestic Violence (DV) Bonus funding available to the CoCs across the nation.

The Office of Care Coordination, as the CoC Collaborative Applicant for the Orange County CoC, submits a CoC Application and the Project Priority List to HUD as part of the CoC Program NOFO.

To support with the local competition process, the CoC Board appoints a CoC Program NOFO Ad Hoc (CoC NOFO Ad Hoc) on an annual basis. The CoC NOFO Ad Hoc is comprised of non-conflicted members and is tasked with providing unbiased program evaluation and funding recommendations to the CoC Board regarding the CoC Program NOFO.

As noted in the FY 2024 and FY 2025 CoC Program NOFO, HUD prioritizes funding for CoCs that have demonstrated the capacity to reallocate funding from lower to higher performing projects. HUD awards points to CoCs that are able to demonstrate:

- the CoC actively reviews the performance of existing CoC Program funded projects and has a standard process for reallocating funding from lower performing projects to create new high performing projects; OR
- the CoC has cumulatively reallocated at least 20 percent of the CoC's Annual Renewal Demand (ARD) between (5) years of CoC Program Competitions

At the August 24, 2022, meeting, the CoC Board approved the recommendation from the FY 2022 CoC NOFO Ad Hoc to implement a strategy for reallocating funding from renewal projects that have a total project performance score of less than 60% during two (2) consecutive CoC NOFO funding cycles. This established the first Reallocation Strategy for the Orange County CoC that would carry over, year over year, as previously the reallocation strategy was discussed each year with the established CoC NOFO Ad Hoc.

At the June 26, 2024, meeting, the CoC Board approved the recommendation from the FY 2024 CoC NOFO Ad Hoc to revise the previously approved Reallocation Strategy to reallocate funding from renewal projects that have a total project performance score of less than 60% over the course of two (2) consecutive CoC NOFO funding cycles, starting when the second project performance score is provided.

In May 2025, Office of Care Coordination in partnership with the FY 2025 CoC NOFO Ad Hoc, recommend revisions to the Reallocation Strategy with the goal of promoting and recommending the most effective renewal projects that improve the overall system performance in the CoC for inclusion in the CoC Program NOFO application. These recommended revisions will be presented to the CoC Board for consideration and approval on June 25, 2025.

Reallocation Strategy and Procedure

In effort to promote the most effective renewal projects and recommend renewal projects that improve the CoC's system performance and increases the Orange County CoC's competitiveness in the CoC Program NOFOs, the revised NOFO Reallocation Strategy will consider project performance and unspent funds.

Performance:

The HMIS Lead regularly evaluates the performance of Permanent Supportive Housing, Rapid Rehousing and Transitional Housing, utilizing the project performance measures and thresholds last approved by the CoC Board during the previous CoC Program NOFO. As part of the preparation and response to the CoC Program NOFO, the HMIS Lead generates draft reports utilizing the previously approved Project Performance Measures and Thresholds, upon occasion the HMIS Lead makes suggested recommendations on how these can be updated based on overall CoC performance. The CoC NOFO Ad Hoc reviews this information and recommends the final project performance measures and thresholds to the CoC Board for approval, to be utilized in the analysis as required by the CoC Program NOFO. This process also includes a feedback cycle with the CoC-Funded Agencies, which helps ensure that the CoC NOFO Ad Hoc considers other factors that may impact project performance. Through the above-described process, each CoC renewal project receives a project performance score, if applicable.

Utilizing the project performance measures, the Reallocation Strategy indicates that:

- If a renewal project receives a project performance score of less than 70%, the project will be placed on notice as a low performing project. If the renewal project receives a project performance score of less than 70% in the subsequent year, the project's funding will be 100% reallocated.
- If a renewal project receives a project performance score of less than 60% during the current CoC Program NOFO, the project's funding will be 100% reallocated.

Unspent Funds:

The Office of Care Coordination conducts a review of unspent funds for the last three (3) completed grant terms. Unspent funds are compared to the annual renewal amount (ARA) to calculate the percentage of unspent funds.

Utilizing the percentage of unspent funds, the Reallocation Strategy indicates that:

- If a CoC renewal project demonstrates underspending of 15% or above in the last three (3) consecutive, completed grant terms, the project's funding will be partially reallocated based on the lowest percentage of unspent funds in the completed grant terms.
- If a renewal project demonstrates underspending of 20% or above in any completed grant term, the project will be placed on notice as underspending. If the renewal project underspends by 10% or above in the consecutive year, the project's funding will be partially reallocated by 10%.

The revised NOFO Reallocation Strategy will be implemented during the FY 2025 CoC Program NOFO cycle and will be used year over year with revisions and amendments if necessary.