

Key Considerations for CoCs in Changing Recipients

The Continuum of Care (CoC) Program interim rule establishes responsibilities for CoCs including monitoring recipient and subrecipient performance within their geographic area and taking action against poor performers when needed. At times CoCs may face situations that require a change in recipient for a CoC Program funded project and the CoC needs to be prepared to address these situations. These situations could include:

- A recipient agency chooses to no longer continue administering the CoC Program grant. This could be a result of the agency changing its mission, for example.
- A recipient agency is no longer able to administer the CoC Program grant. This could be due to the agency lacking the resources to sustain overall operations and shutting down or a change in mission or direction of the agency.
- A CoC decides that a recipient agency should no longer be allowed to administer the CoC Program grant. This could be due to a history of monitoring findings, and poor performance, for example.

In these situations it is important to first consider the immediate needs of the program participants being assisted by the project. If the situation is an emergency (i.e., the recipient agency will be closing down immediately) the CoC should contact its HUD Field Office, CoC members, local government, elected officials, funders, and other community stakeholders to develop an immediate transition plan to ensure that program participants do not become homeless again.

Short-term solutions should include leveraging any available mainstream housing resources (such as HOME or HOPWA tenant-based rental assistance funds, Housing Choice Vouchers, etc.) and service resources (such as county mental health resources, Medicaid, federal human services block grant funding, etc.) as well as evaluating whether other CoC Program projects can ‘absorb’ the program participants on a temporary basis.

This brief, as well as the companion flow chart, raise additional factors for CoCs to consider when faced with a situation that requires a change in a recipient. Since the CoC is responsible for coordinating the implementation of a housing and service system that meets the needs of homeless persons in their geographic area it should be directly involved in any decisions regarding the change of a recipient for a CoC Program grant.

Establishing a Process

Overall, changing a recipient for a grant can be very complex and disruptive to the program participants. With this in mind it is important that CoCs think proactively and put in place a process for handling these situations before they arise. This process should be put in writing and added to the CoC’s governance charter so that all recipients and CoC members are aware of it. The process should make sure to take into account any HUD guidance with regards to when these changes can take place (e.g., before/during/after the CoC Program Competition) and address the steps that would take place after answering an important question: *is this grant, as originally designed, one that continues to meet an identified community need?*

Is this grant, as originally designed, one that continues to meet an identified community need?

YES: Key Considerations for Identifying a New Recipient to Administer a Project As Originally Designed

If the grant does continue to meet a need, the CoC should establish a process that addresses how a new community agency will be identified and selected to administer the existing grant. Some CoCs may choose to issue some sort of Request for Proposals or other solicitation. Other CoCs may use a less formal process. At a minimum, the process should include an assessment of interested agencies with regards to the following characteristics:

- Eligibility to administer CoC Program funds;
- Organizational and financial capacity;
- Expertise serving the target population; and
- Experience administering federal grant funds.

Once a new recipient agency has been selected by the CoC, a request must be submitted in writing to the HUD Field Office for a significant change to the project application. The request should include a description of how the new recipient will continue to administer the grant as originally awarded, serving the same number and type of homeless persons, number of units and type of housing, and providing appropriate support services. As part of HUD's approval process it may review any outstanding financial audits, monitoring findings, results from investigations by the Office of the Inspector General, or other documents to ensure that there are no capacity issues. HUD must approve this change and execute a grant agreement amendment before the new recipient can begin operating the project. The request must also have documentation verifying the new recipient is a CoC Program eligible applicant.

NO: Key Considerations for Identifying a New Recipient to Administer the CoC Program Funds

A CoC may determine that a project, as originally designed, no longer meets the community's needs. In this situation the CoC will have to determine the opportunity to either repurpose the funds or reallocate the funds to a new program entirely. While doing this analysis, the CoC must also develop a strategy to meet the needs of the existing program participants. The old project may need to be phased out over time while program participants are being transitioned to alternative resources and new applicants are referred elsewhere.

REPURPOSING GRANT FUNDS

In addition to establishing a plan for any existing program participants, the CoC should work closely with the HUD Field Office to determine if the grant funds can be repurposed. Repurposing involves allowable changes to be made to the project so it can better meet the community needs. As part of repurposing, changes can be made to a project at anytime within a grant year. Some questions to help determine how the funds can be repurposed include:

- Is there a use restriction on the property that must be adhered to?
- Should the target population remain the same or is there a different target population with a greater need for housing/services?
- Does the current unit size and configuration work for the intended target population?
- Are the approved budget line items appropriate to the delivery of housing and services for the intended target population?

As part of the repurposing process, the CoC will also need to identify an agency to act as the recipient for the CoC Program funds. As mentioned above, this selection should be done in accordance with a CoC approved policy. The change in recipient, as well as many other changes to the grant, will require HUD approval as a significant change and, if approved, will result in an amendment to the grant agreement. For more information on allowable project changes, see [24 CFR 578.105](#).

REALLOCATING GRANT FUNDS

Per HUD guidance there are some changes that alter the program design so substantially that they cannot be made through a grant agreement amendment, such as change in CoC Program component type. Instead, these changes must be made through the reallocation process that is detailed in the CoC Program Notice of Funding Availability. After a thorough review of the existing grant, if the CoC determines that the funds should be reallocated, it should consult the most recent NOFA for instructions. For more information on reallocation, see the CoC Program NOFA at <https://www.hudexchange.info/e-snaps/fy-2015-coc-program-nofa-coc-program-competition/>.

Is this a project the CoC wants to continue to fund as originally designed?

YES

Develop CoC approved process for selecting new agencies to administer grants

Process should include a review of key characteristics such as:

- Similar agency mission
- Organizational and financial capacity
- Experience serving target population
- Experience administering federal grant funds

Select new recipient using CoC approved

Work with HUD Field Office to execute

NO

Develop transition plan for project and any remaining program participants, if necessary

Identify any aspects of the project that can't be changed through a grant agreement amendment such as use restrictions on the property

REPURPOSE:

Work with the HUD Field Office to determine if repurposing is an option. Identify significant changes that could be made to the project to allow it to continue and to meet a community need

REALLOCATE:

If project funds cannot be repurposed, reallocate funds through the CoC Program NOFA process

Select new recipient using CoC approved process

Work with HUD Field Office to execute grant agreement with new recipient