



# North Carolina Balance of State Continuum of Care

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## 2023 Funding Priorities for Continuum of Care Program Competition

### Introduction

This document outlines the North Carolina Balance of State Continuum of Care's (NC BoS CoC) priorities for the FY2023 Continuum of Care Program funding competition.

In addition to applying the approved new and renewal scorecards, the Project Review Committee should consider these priorities in its review and ranking of projects in the FY2023 competition:

- **Ensure essential infrastructure elements are in place, including HMIS and coordinated entry**
- **Ensure adequate coverage of permanent supportive housing across the CoC**
- **Increase the availability of rapid rehousing**
- **Ensure CoC Program funding is being used well, including potentially re-allocating some funding from projects that have patterns of low spending or poor performance**

Section One of this document summarizes the history of how the NC BoS CoC has prioritized projects for funding in the past and the Funding and Performance Subcommittee's process to arrive at the priorities for the FY2023 CoC Program competition. Section Two explains each funding priority. Section Three provides additional guidance to the Project Review Committee about how to implement these funding priorities during the ranking and review process, including a detailed grid that sets priorities for new projects by project type and region.

### Section One: Funding Priorities Background and Process

As part of the annual CoC Program competition, each CoC is required to submit a project listing to HUD that lists its new and renewal projects in order of priority. The NC BoS CoC's project ranking and review process, conducted by the Project Review Committee, provides a recommendation for approval by the CoC Steering Committee for which projects are included in the application to HUD and the order in which they are listed. Projects high on the list are likely to be funded by HUD, while projects lowest on the list run the risk of not receiving funding.

The NC BoS CoC's ranking and review process has three steps: first, the CoC reviews all projects using a standardized scorecard; second, the Project Review Committee ranks projects based on the scores and other CoC priorities; third, the Steering Committee reviews the recommendation and approves the final ranked list.

The Scorecard Committee has also set priorities when designing the annual new and renewal scorecards. Scorecards reward projects for better performance, adhering to best practice program design standards, and targeting specific homeless subpopulations such as individuals and families experiencing chronic homelessness. The NC BoS CoC's current portfolio reflects this history of priority-setting. Aligned with HUD priorities, the NC BoS CoC's portfolio is all permanent housing projects (PSH and RRH) except for infrastructure grants for required CoC activities: HMIS and SSO-CE.

The Steering Committee first formed the Funding Priorities Workgroup in 2017 and then a standing Funding and Performance Subcommittee in 2018 to address priority-setting in a more strategic and comprehensive manner. The goal was to create funding priorities to have the greatest impact on homelessness in the CoC. The subcommittee reviewed several data sources that informed their development of funding priorities, including the last few years of NC BoS CoC applications, the scorecard and project review processes, the NC BoS CoC's funding portfolio, and recent Point-in-Time Count numbers.

The subcommittee uses these general goals for the priority-setting process:

- Base funding priorities on the needs of the NC BoS CoC as a whole, without privileging specific communities;
- Help the Steering Committee and Project Review Committee think more broadly about the CoC;
- Stay open-minded about what needs to change to end homelessness;
- Better understand the CoC's needs;
- Provide tools and support to help the Steering Committee and Project Review Committee make good decisions for the CoC; and
- Establish a framework to help implement the funding priorities.

The subcommittee examines data on current funding and needs across the CoC, which has revealed three overarching issues:

- 1) Resource gaps exist in certain areas, especially in a few regions that have little to no permanent supportive housing.
- 2) Resources are not distributed in a way that matches the distribution of need across the CoC.
- 3) CoC-funded rapid rehousing only exists in five of the thirteen regions.

The subcommittee used these data and other considerations to inform the development of the funding priorities. The subcommittee aimed to address geographical gaps in funding so everyone in the CoC has an option for permanent housing, no matter in which region they live. The subcommittee also wanted to ensure that grantees spend all allocated funding each year, since underspent funds are returned to HUD instead of being used to assist people in the CoC. The subcommittee also identified HMIS and coordinated entry as priorities for continued funding because the NC BoS CoC needs this infrastructure to work well and to support HUD's requirements of all CoC and ESG grantees and other homeless service providers.

## **Section Two: Funding Priorities**

### ***Ensure essential infrastructure elements are in place, including HMIS and coordinated entry***

A robust Homeless Management Information System (HMIS) and coordinated entry system are key elements of a well-functioning CoC, and HUD requires all CoC and ESG grantees to participate in both (with the exception of Victim Service Providers who must use a Comparable Database). The Project Review Committee should put a high priority on funding both projects.

CoC funding for HMIS pays for the basic software system that collects administrative data on people served and services provided in the CoC and funds necessary staff to support and train participating agencies, complete mandated reporting to HUD, and help the CoC use its data to improve its work.

Coordinated entry targets resources effectively and efficiently, increases access to homeless and housing services, assists the CoC to identify gaps in its system, and helps providers better coordinate services. Since coordinated entry is such an integral piece of the CoC, only projects that would cover all 79 counties of the CoC will be eligible for funding.

In the most recent four competition years, HUD has made domestic violence bonus funding available. If available in FY2023, the CoC will allow applicants using domestic violence bonus funding to apply for a CoC-wide Supportive Services Only - Coordinated Entry project as long as the project works to provide better access to survivors of domestic violence to the existing coordinated entry system.

In the past, the Project Review Committee has ranked the HMIS and Supportive Service Only – Coordinated Entry projects first and second respectively in the CoC competition to protect this basic infrastructure. The Project Review Committee should continue to consider funding HMIS and coordinated entry as high priorities in the FY2023 CoC Program competition.

### ***Ensure adequate coverage of permanent supportive housing across the CoC***

CoC Program funding is the only major public source for permanent supportive housing (PSH), which provides long-term financial assistance and intensive service supports to the most vulnerable households. The NC BoS CoC has always prioritized PSH and should continue to prioritize this key housing intervention in the CoC Program funding competition.

In the FY2023 competition, the Project Review Committee should prioritize new PSH projects in the geographic areas that have significant unmet needs for PSH so all vulnerable people experiencing homelessness, regardless of their location in the CoC, have the option to live in permanent supportive housing (see Table 1: New Projects Priority Grid, below, for detailed explanation of which regions should have a priority for new PSH).

The Project Review Committee should prioritize current PSH grants as long as these projects meet the threshold spending rates (90% or above). PSH projects that currently underspend their funding and have made no attempt to correct the problem by serving additional counties, streamlining intake processes, or conducting more outreach should be considered for partial reallocation.

### ***Increase the availability of rapid rehousing***

A healthy homeless service system must have a good mix of permanent supportive housing and rapid rehousing (RRH) resources. PSH and RRH work together to create flow through the system. RRH helps move households quickly out of shelters and off the streets and allows PSH to focus on households with the highest needs. Households in RRH projects can transition to PSH if more support is needed, but most find stability within the two years of assistance that RRH can provide. While the NC BoS CoC portfolio currently includes 6 RRH projects, RRH should be increased across the CoC. In all regions, the CoC recommends that the Project Review Committee prioritize rapid rehousing for new funding (see Table 1 below for detailed priorities by region).

However, because other public funding sources can pay for RRH (i.e. Emergency Solutions Grants or Supportive Services for Veteran Families), the NC BoS CoC should reserve CoC funding to bring RRH programs to scale only after other funding sources have been used in a region. The scorecard already supports this principle: new RRH applicants must use ESG or other funding source for RRH before

applying for CoC funds. Regions should maximize the amount of ESG funding dedicated to RRH. CoC funding should never become the only source of funding for RRH.

The NC BoS CoC will only fund new joint Transitional Housing-Rapid Rehousing projects during the FY2023 CoC Program competition under the potential DV Bonus funding. The CoC should focus on bringing rapid rehousing to scale before introducing new program types. TH-RRH joint component projects are intended for areas with large unmet needs for shelter and for some groups for which a brief period in transitional housing could be beneficial. These projects will be held to different standards than traditional transitional housing, with an emphasis on brief stays in TH. The NC BoS CoC has available Emergency Solutions Grants funding to meet unmet shelter needs, and agencies in the CoC need to focus on improving access to current RRH projects before exploring new program models.

***Ensure CoC Program funding is being used well, including potentially re-allocating some funding from projects that have patterns of low spending or poor performance***

Since CoC Program funding is limited, the CoC should put a high priority on projects that maximize the funding they receive. Projects should:

- Spend as much of their funding as possible, reaching at least a 90% threshold;
- Target and serve people with the highest needs;
- Produce strong outcomes; and
- Meet the community's and CoC's needs.

The Scorecard Committee will make each of these items part of the FY2023 new and renewal scorecards. Projects that do not meet some or all of these criteria will receive a reduced score and should be ranked accordingly. In addition to ranking, if a renewal project has a history of low spending, the Project Review Committee should consider reallocating some or all of that project's funding. Projects should consistently spend at least 90% of their funding. The CoC has a responsibility to find new, more effective projects if current projects cannot spend their allocated funding. Due to the pandemic and the increasingly tight housing market, some CoC grantees have underspent allocated CoC funding. The Project Review Committee should take the lingering effects of the pandemic into consideration before reducing or eliminating any projects due to low spending, and instead, review patterns of low spending over a multi-year period (including operating years prior to the pandemic).

The NC BoS CoC will not fund projects that request acquisition, rehabilitation, or new construction funding. There is too little new funding available to the CoC each year to justify the large investment these activities would require. Agencies that need these types of funding should use other sources of federal, state, and local funding and focus CoC funding on activities that more quickly benefit people experiencing homelessness.

### **Section Three. Additional Guidance on Implementing Priorities**

#### **Project Review and Ranking Process**

The Project Review Committee (PRC) considers multiple factors when determining project rankings, including the priority of new project applications, the project's performance on the scorecard, and whether the project is a new project or renewal project. This year, even with detailed funding priorities, the PRC should continue to take all these factors into account when determining a project's ranking.

There are three ways scorecards affect project ranking: thresholds, standards, and points. If a project does not meet a threshold, it is not eligible for funding. If a project does not meet section point minimums or does not meet the standards, the Project Review Committee may lower the project’s ranking, remove the project from the competition altogether, or recommend reducing its funding. Receiving more points than other like projects with similar performance and standards can also increase a project’s ranking.

This year, the priorities in this document will also help determine project rankings. New project priorities, as outlined in Table 1: New Projects Priority Grid below, will be recorded on the new project scorecard. The Project Review Committee should rank projects highly if they are *both* a high priority and perform well on the scorecard. Balancing a project’s priority with its scorecard performance ensures that funding goes to projects that meet best practices, perform well, and will have a sustained impact on homelessness in the CoC.

The priorities in this document may result in ranking some high-priority new projects ahead of renewal projects, especially if there are renewal projects that have consistently performed poorly or underspent their funds. In such cases, the Project Review Committee should consider the potentially detrimental geographic effect of ranking renewal projects low. In regions with very few projects, giving a renewal project a low rank could put almost all the funding for a region at-risk. The Project Review Committee should also examine the Regional Committee’s and the agency’s ability to prevent current participants from becoming homeless in the case of a large or full reallocation. On the other hand, the PRC should consider the additional people new projects could help in a region, especially in regions with very few current housing assistance resources.

**Priorities for New Projects**

New RRH and PSH projects should be prioritized based on the grid below. In this grid, projects can be Priority 1, Priority 2, Priority 3, or Priority 4. The Project Review Committee should take these priorities into account when ranking projects, but as explained above, the priorities below should not be the only factor that determines a project’s ranking. If projects are Priority 4, the Project Review Committee should not recommend these projects for funding unless money is left unallocated in the competition.

Table 1: New Projects Priority Grid

Region	RRH	PSH
1	2	3
2	3	1
3	2	3
4	2	3
5	3	3
6	3	4
7	2	3
8	2	3
9	2	4
10	2	4

11	2	3
12	3	3
13	3	3

This grid aims to build a strong foundation for the future of the CoC. The performance of the CoC on future funding applications and the ability of the CoC to meet goals such as ending Veteran homelessness or implementing coordinated entry can be hurt when some areas have extremely low resources. Additionally, no one should experience homelessness in a county that completely lacks homeless assistance. This grid tries to establish a baseline level of funding for PSH and RRH across all 79 counties in the NC BoS CoC.

Below is a brief explanation of the priorities (see the appendix for more detailed methodology):

Priority 1: PSH in regions that need a significant increase in PSH units to meet the need based on their Point in Time Count and Housing Inventory Count data.

Priority 2: RRH in all regions that do not already have CoC-funded RRH.

Priority 3: RRH in regions that already have CoC-funded RRH and PSH in regions that have some unmet need based on their Point in Time Count and Housing Inventory Count data.

Priority 4: The region has enough PSH stock to meet their needs based on their Point in Time Count and Housing Inventory Count data.

## Appendix: New Priorities Grid Sources and Methods

Priorities for PSH were determined based on a measure of the existing stock of PSH and whether it meets the current need. The table below outlines the data used to calculate the need for PSH in each region. Priority 1 regions have more unmet need (column D) than existing PSH beds (column A), implying that they would have to significantly increase their stock of PSH to meet the need. Priority 3 regions have some need for PSH but less than their current stock of PSH beds, implying that a relatively small increase in PSH in those regions would meet the need. RRH is Priority 2 in regions that have no CoC-funded RRH (column E) and in Region 7 because it has the lowest overall amount of CoC funding (column F). RRH in the remaining regions, which already have CoC-funded RRH (regions 2, 5, 6, 12, and 13), are Priority 3.

Region	Column A Existing PSH beds	Column B Annual PSH turnover beds	Column C Annualized number of people experiencing chronic homelessness	Column D Unmet need for PSH	Column E RRH funding	Column F Total CoC funding
1	74	11	22	11	\$0	\$435,590
2	30	5	51	46	\$217,039	\$603,668
3	108	16	85	69	\$0	\$590,818
4	39	6	14	8	\$0	\$317,697
5	148	22	55	33	\$548,185	\$1,647,394
6	102	15	12	None	\$275,547	\$913,054
7	20	3	22	19	\$0	\$298,658
8	17	3	7	4	\$0	\$80,287
9	154	23	21	None	\$0	\$973,572
10	77	12	10	None	\$0	\$427,695
11	27	4	10	6	\$0	\$189,103
12	273	41	8	4	\$123,278	\$1,915,319
13	79	12	23	11	\$212,039	\$630,834

NCCEH staff calculated Column D (unmet need for PSH) using the following methodology:

- Staff calculated the number of existing PSH beds (column A) by multiplying the number of PSH units in each region (as reported on the HUD funding applications) by their corresponding number of bedrooms. For example, a region with one 1-bedroom unit and two 2-bedroom units would have five beds.
- Then staff estimated the number of PSH beds that would become available during a year (column B) using a reasonable estimate of annual turnover. The turnover rate was assumed to be 15% for all projects, the same rate used in the United States Interagency Council on Homelessness's [Supportive Housing Opportunities Planner \(SHOP\)](#) tool.
- Next, to estimate the need for PSH during a full year, staff multiplied the number of people counted as chronically homeless during the 2022 Point-in-Time Count by 1.3 (column C).

This annualization factor is also used in USICH's SHOP tool. This number estimates the total need for PSH in a region.

- Finally, staff subtracted the number of annual PSH turnover beds from the annualized number of people experiencing chronic homelessness to estimate the unmet need in each region (column D).