

## FY2026 TX-600 COC REALLOCATION POLICY

**Effective Date: 06-25-2026**

### Background

The TX-600 Continuum of Care (CoC) is required to submit the annual CoC Consolidated Application to the U.S. Department of Housing and Urban Development (HUD) on behalf of the local CoC. HUD encourages CoCs to determine if existing programs are performing in a way that meets HUD policy objectives and requirements, and are aligned with funding priorities, highly utilized, cost-effective, and high performing. Existing projects that are not aligned with these objectives can be reallocated as a whole or in part to new and expansion projects.

Funds from programs that are voluntarily reallocated will be used to fund new and/or expansion high-performing programs.

### Involuntary Reallocation

All Continuum of Care renewal projects that have been in operation for a minimum of one full year will be subject to a performance review utilizing the Renewal Scorecard, which is updated annually. Renewal Projects that score in the lowest 50% of all Projects or do not align with CoC priorities or HUD's national policy objectives could be reallocated involuntarily. In addition, all Permanent Supportive Housing and Rapid Rehousing Projects that are not selected for Tier 1 or prioritized for set-aside funds in Tier 2 for Domestic Violence Bonus or Permanent Housing Projects serving Families with Children must reallocate funding this year.

Projects that score below the performance threshold (60%-) on the Scorecard may be given an opportunity to renew on the condition that they enter a year-long performance improvement plan that will be supported through training and technical assistance by the CoC Lead Agency to support improvement prior to the next funding cycle. Projects that continue to score below the performance threshold are subject to reallocation in the annual competition.

### Voluntary Reallocation

Continuum of Care programs may choose to reallocate full or partial funding for a variety of reasons including, but not limited to:

- Limited or no capacity to continue operating the project or expending funding
- Inability to comply with HUD and CoC policies
- The project no longer meets the needs of the local CoC
- The project is not performing well

### Procedure:

Renewal programs will be assessed using the Renewal Scorecard, which is derived from objective metrics that are directly linked to CoC System Performance Measures. Programs are reviewed based on performance outcomes such as participant income growth and returns to homelessness. The performance thresholds will be updated each year considering the performance targets set by the CoC Workgroups and baseline performance of the full portfolio of CoC renewal programs. Beyond performance, the scorecard will include metrics related to issues such as service participation, finance and spending