based on the average amount of funds that were returned to HUD over the past three years. Organizations had the opportunity to permanently reallocate the entire average or at least 80% of the average amount. Four organizations (7 programs) agreed to reallocate grant funds. The total reallocation amount is $380,429.

**Involuntary Reallocation**
In 2018, three CoC-funded projects were recommended by the Collaborative Applicant, All Chicago, for involuntary reallocation. The recommendation was based on the organization’s HUD audit findings still open more than a year later, incongruency between Housing First policies and practices, and lack of consistent utilization of the Coordinated Entry System to fill its units. The Chicago CoC Board of Directors’ Appeal Panel confirmed support of the involuntary reallocation. In total, the three grants’ reallocation total is: $1,585,057.

The PPWG recommends that four projects funded through reallocation processes be placed in Tier 1 reflecting the Continuum’s commitment to prioritizing higher performing projects. One of the projects will be the “straddle” project between Tier 1 and Tier 2,

- **Bonus Projects, Including Bonus Projects for Survivors of Domestic Violence:**
The Chicago CoC bonus project funding availability is $4,023,242 based on 6% of the CoC’s ARD. Additionally, the Chicago CoC has up to $5,000,000 for domestic violence bonus project funding availability.

The PPWG recommends that the two new Coordinated Entry-SSO projects in Tier 1 be funded through bonus project funding. In addition, the remaining bonus project funding goes towards bonus projects for nine types of programs – all eligible program types. The PPWG is recommending two housing-specific DV projects and one DV Coordinated Entry-SSO project be funded with the DV bonus project funding.

The PPWG recommends Tier 2 be structured to include 33% of remaining bonus projects (non-DV) ranked by new project evaluation scores at the top of Tier 2 immediately after the straddle project followed by the remaining renewal projects ranked by local Evaluation Instrument average combined scores from 2017 and 2018. The PPWG recognizes the priority of having new DV housing bonus projects be ranked immediately after the remaining renewal projects with the remaining bonus projects (non-DV), ranked by new project evaluation scores, be ranked next but before the DV Coordinated Entry-SSO project at the bottom of Tier 2.
I. Background

Single Room Housing Assistance Corporation (SRHAC) has three HUD Continuum of Care (CoC)-funded projects in Chicago.

On June 27, 2018, All Chicago (Collaborative Applicant) notified SRHAC leadership that All Chicago would recommend to the Chicago CoC Board of Directors the following: SRHAC’s three HUD CoC-funded grants be reallocated in the FY 2018 HUD CoC Program Competition NOFA. All Chicago notified SRHAC of their right to appeal the recommendation. The appeal would be addressed by the Appeals Panel of the Chicago CoC Board. All Chicago provided SRHAC written notification of its reasoning for the recommendation and SRHAC was given two weeks to submit their appeal by July 11, 2018.

II. All Chicago’s Reasons for Recommending Involuntary Reallocation

All Chicago’s recommendation for reallocating SRHAC’s three HUD CoC-funded grants is based on the following:

1. SRHAC has Unresolved HUD Audit Findings
   a. In June 2017, local HUD representatives audited SRHAC. Twelve findings were issued. The findings include:
      i. Lack of adequate Grant Administration Policies & Procedures
      ii. Lack of Conflict of Interest Policies & Procedures
      iii. Political donations were made with CoC funds
      iv. Inadequate Housing Quality Standards checks
      v. Inadequate Financial Policies & Procedures
      vi. CoC funds paid for ineligible costs
      vii. Inadequate “match”
      viii. Lease terms do not meet leasing requirements
      ix. Ineligible client files
      x. Client services are not documented or inadequate
      xi. Rent reasonableness checks are not conducted
      xii. Failure to verify participant homeless eligibility and recordkeeping

   SRHAC provided responses to each finding to which HUD rejected. As of the late June 2018, the findings remained open and unresolved.

   b. In April 2018, HUD requested All Chicago’s assistance in providing technical assistance (TA) to SRHAC based on the open findings. SRHAC provided All Chicago with the list of findings and other documentation (policies and procedures, single audits, forms, etc.). Based on All Chicago’s review of the HUD findings and SRHAC’s submitted documentation related to the findings, All Chicago determined some of the findings to be substantial and beyond the scope of All Chicago’s TA capabilities.
c. SRHAC’s responses to HUD and to All Chicago have been about disputing the findings rather than identifying and implementing corrective actions.

d. The unresolved HUD findings would not be curable before FY 2018 HUD CoC Project Applications are due in the FY 2018 NOFA Competition. See “4. CoC Risk” below

2. **SRHAC’s Local Evaluation Instrument responses were inaccurate and/or misrepresented**
   a. After receiving a copy of HUD’s findings, All Chicago staff noted that some of the findings were in contradiction to responses SRHAC provided during the 2018 Local Evaluation Instrument process in February. All Chicago completed a formal cross-tabulation of HUD findings with SRHAC’s 2018 local evaluation responses.
   b. Notable discrepancies identified in the cross-tabulation were inadequate financial policies and procedures; qualified opinions in the agency’s single audit; inadequate grant administration policies and procedures; lack of fidelity to Housing First principles; and inadequate or missing programmatic forms.
   c. Some of the identified discrepancies were threshold questions which SRHAC answered in the affirmative but were, in fact, not met. Threshold questions are based on minimum documentation or requirements based on HUD regulations.

3. **SRHAC has Unexecuted FY 2017 HUD Grants Due to Open Findings**
   a. As of early July, HUD and SRHAC had not executed two FY 2017 grants which should have begun April 1, 2018. The grants were not executed due to the unresolved HUD findings. SRHAC’s third HUD grant year ends July 31. For this grant, HUD is allowing SRHAC to submit for reimbursable costs with appropriate documentation.
   b. Failure of executed HUD grants due to unresolved findings is a significant indication to All Chicago that the grants may be in jeopardy.

4. **CoC Risk**
   a. The FY 2018 NOFA outlines threshold and other requirements which HUD will use to rate and renew projects. The requirements as indicated in the 2018 NOFA are:
      i. Applicant’s past performance in managing grants
      ii. Applicant’s program and fiscal capacity
      iii. Meeting performance targets
   Based on open findings, it is unlikely SRHAC would be able to meet these standards.
   
   b. Based on the compliance issues detailed above, All Chicago would be unable to support SRHAC’s applications with confidence. Therefore, the grants would be at risk for being defunded by HUD in the NOFA competition.
   
   c. The potential loss of funding of the projects would mean a loss of over $1.5 million to the Continuum of Care.

III. **The Appeals Panel’s Decision**
   a. Under the time constraints necessitated by this unusual situation, the Appeals Panel was convened consisting of seven (7) active CoC Board members. The Appeals Panel met on July 18th. Five members were in-person and two joined via conference call.
The members represent constituencies on the CoC Board (government reps, business, funders, lived experience, and stakeholders). The Panel took 90 minutes to discuss and debate All Chicago’s and SRHAC’s submitted information and documentation.

b. Areas of biggest concern for the Panel were:
   a. SRHAC’s open HUD findings and their impact on the CoC
   b. SRHAC’s financial viability
   c. SRHAC’s lack of commitment to Housing First

c. DECISION:
The Appeals Panel’s voted unanimously to deny SRHAC’s appeal, therefore, allowing All Chicago to begin the reallocation process of the three SRHAC grants in the FY 2018 HUD CoC Program Competition NOFA.

IV. Impact & Next Steps
   a. The Appeals Panel participants and All Chicago are committed to ensuring the housing stability of the program participants who would be affected by the reallocation of the three grants. To that extent, All Chicago will work with the CoC to assess program participant needs and identify resources to help maintain housing stability. All Chicago will have a plan in place in the fall of 2018 and be ready to transition clients by March 31, 2019, which is the end date of two of the three grants with SRHAC. The third grant would end July 31, 2019 and a similar plan would be in place for those program participants.
   b. All Chicago will work with the local HUD office, the Department of Family and Support Services, CoC service providers, and the CoC Board to identify the appropriate resources to prevent a return to homelessness for all program participants.
   c. All Chicago will work with program participants to receive the necessary information and resources during the transition.
   d. All Chicago will work with SRHAC leadership and staff to support the organization during the grants’ winddown and closeout.
The Action Agenda has had several key successes over the past two months, including:

- **Pipeline Expansion**: The Pipeline Expansion Workgroup has finalized system projections that outline the number of units needed to end homelessness among single adults, youth, and families. Recommended unit projections and corresponding methodology for single adults, families, and youth were recently approved by the CoC Board. The Pipeline Expansion Workgroup will start to work on financial modeling and unit creation strategies in the coming months.

  Thanks in part to the Pipeline Expansion Workgroup’s unit projections, Mayor Emanuel committed to generating 1600 new units of supportive housing through the Department of Planning and Development’s five-year housing plan. The Pipeline Expansion Workgroup will help to develop a plan to bring those units online and to identify funding sources to provide wrap around social services to accompany the housing units. Read the City’s press release here.

- **Youth**: Unfortunately, Chicago was not selected for HUD’s Youth Homelessness Demonstration Project (YHDP). While we are disappointed, we remain committed to following through on our plan to end youth homelessness. Part of the YHDP process involved the creation of a Youth System Blueprint, which outlines our vision for the youth homeless sector. The Task Force on Homeless Youth plans to move forward with the ideas in the Blueprint, and you can review their Blueprint presentation here.

  The Department of Family and Support Services has identified funding to test system navigation for youth facing chronic homelessness. A one-time grant has been awarded to three youth drop-in centers: Teen Living Programs, La Casa Norte, and Broadway Youth Center. CSH is overseeing the project and lending their system navigation expertise. Together, we will implement and refine system navigation for youth as part of our goal to end chronic youth homelessness.

- **Crisis System Transition**: In June, a participant on the Diversion/Prevention Workgroup met with a Circuit Court of Cook County judge about providing Homelessness Prevention Fund resources to the eviction courts, and the possibility of having a presence in the eviction court to facilitate eviction diversion. The judge was very interested and plans to meet with additional members of the workgroup in early August.

- **System Performance, Data, and Research**: The Program Models Chart (PMC) Workgroup has refined the purpose of the Program Models Chart: set baseline standards for projects; provide the community and funders with a list of approved models; and help orient each intervention in the context of the entire homeless system. The PMC Workgroup has also reviewed several housing intervention types and will be working across multiple lines of work to address other interventions in the coming months.
• **Veterans** and **Crisis System Transition**: These lines of work are participating in the national VA’s Supportive Services for Veteran Families (SSVF) Rapid Resolution Pilot Project, which will focus on launching a diversion pilot program for veterans. The goal of the pilot project is to gather information about effective rapid resolution (diversion, rapid exit, reunification, creative housing, etc.) practices, including the amount and type of financial assistance that contributes to a resolution of the housing crisis. Quantitative data will be gathered from Homeless Management and Information System and other sources to analyze the process and outcomes of Rapid Resolution. This information will inform the anticipated national implementation of Rapid Resolution by SSVF in the fall of 2018. The pilot project began in May and **Crisis System Transition Project Manager Christine Riley**, along with Chicago SSVF providers and staff from the Jesse Brown VA Medical Center, attended a project planning meeting in Dallas in June. Community planning and implementation meetings will happen in June & July, and the pilot project will officially launch July 1.

• **System Funding**: On June 20, the FY 2018 HUD CoC Program Competition NOFA was released and is due on September 18, 2018. Highlights include:
  - The Chicago CoC can apply for new projects through “bonus project” funding up to $4,023,242.
  - The Chicago CoC can apply for new projects for victims of domestic violence through DV “bonus project” funding up to $5,000,000.
  - The Chicago CoC will have $1.9 million in new project funding through voluntary and involuntary reallocation.
Unified Funding Agency – Executive Summary

What is a Unified Funding Agency?
A Unified Funding Agency (UFA) is a Collaborative Applicant approved by HUD to apply for a single grant on behalf of the entire Continuum of Care (CoC). As Chicago’s Collaborative Applicant, All Chicago applies to HUD on behalf of the CoC for approximately $68 million in HUD funding, which is awarded directly to 45 agencies for 164 projects. As a UFA, HUD would award the entire $68 million directly to All Chicago, and All Chicago would administer sub-grants with our partner agencies. Currently, All Chicago functions as a “UFA” for the ESG-Rapid Rehousing Program, the State Homeless Prevention Funds Program, and for the Emergency Flexible Financial Funds Program, where we are the lead entity coordinating and facilitating program partnerships and funding.

What are the benefits of the UFA to the CoC?
- The CoC committees and CoC Board retain their decision-making authority in all local policy and funding decisions, rather than HUD.
- Funds can be managed and reallocated internally without having to get HUD approval, ensuring that all funds are used rather than having unspent funds that must be returned to HUD.
- A $68 million HUD contract provides Chicago’s CoC with significant advocacy opportunities, and will allow for more leadership in Washington.
- All Chicago will add a full-time advocacy position.
- One HUD Annual Performance Report (APR) is prepared for each project type, rather than one APR for each project.
- The 25% matching contribution is a system-wide match, which provides a safety net. Organizations providing excess match can support organizations having difficulty meeting the match.
- The UFA will receive up to an additional $750,000 to build capacity for monitoring and technical assistance.
- Guarantees that the entire CoC is in compliance with HUD.
- Will support the entire system with additional training and technical assistance.

What are the challenges of the UFA?
- The UFA bears the responsibility and the financial liability for the entire system.
- Developing a supportive and capacity building compliance and monitoring protocol.

What has All Chicago and the CoC already accomplished towards becoming a UFA?
- Established a governance charter, Board of Directors and subcommittees, membership protocols, and regular meetings.
- Uses and evaluates performance and outcomes data, and employs a Housing First approach.
- Internal accounting policies and procedures for UFA transactions.
What is All Chicago currently working on?

- Developing a payment system that assures agency payment within 48 hours.
- Developing an implementation plan timeline and budget.
- Working with the CoC to finalize a monitoring and technical assistance plan.
- Developing a plan for reallocation under UFA guidelines.
- Working with the CoC to develop an advocacy plan.

What are the next steps in becoming a UFA?

- Obtain a written letter of support from all CoC funded partners.
- Finalize monitoring policies & procedures with Intervention Efficacy/Monitoring Workgroup.
- Register for UFA status in the FY 2019 CoC Registration.
United Funding Agency (UFA)
Frequently Asked Questions – Financial Capacity

Does All Chicago have the ability to administer a $68 million grant?
Yes. As Collaborative Applicant, All Chicago already administers $68 million in CoC grants through the annual NOFA process. All Chicago also functions as the HMIS lead. The only areas requiring expansion would be payment administration, monitoring and technical assistance. All Chicago already has developed significant capacity in these areas in anticipation of the UFA. In recent months, All Chicago has built a monitoring team, initiating a new monitoring protocol and new risk assessment process. All Chicago has also expanded its training programs over the past year. All Chicago is an experienced payment administrator for the City RRH and RAP programs, the State HP funds, and its own flexible funds.

What are All Chicago's plans for expanding capacity due to the UFA?
When we are granted UFA status, All Chicago will expand its monitoring, technical assistance, and financial administration capacity. This growth will be incremental. We currently use a monitoring system to annually monitor 20 agencies with 2 FTEs (plus temporary assistance from other team members). In order to monitor and provide technical assistance to the other 24 additional agencies annually, we are budgeting 3 additional FTE monitors and 2 FTE technical assistance specialists. Additionally, All Chicago will hire 3 financial coordinators. This financial team will augment All Chicago's existing financial department to provide voucher payment administration and after-the-fact monitoring of voucher requests. Finally, All Chicago is currently researching grants management systems to provide a secure and effective grant and payment management system to administer the payment requests. We are budgeting an annual cost of $50,000 for this system.

Will All Chicago be able to afford this expansion?
All Chicago currently receives a $1.25 million planning grant and a $497,000 HMIS grant. We expect to receive $750,000 for the UFA. Additionally, All Chicago will provide 25% in matching funds for all these grants. We have prepared a budget for the $750,000 UFA grant, which includes all the expansion needs discussed above. The budget is attached.

How will All Chicago administer the 48-hour payment period?
Approximately $67 million in HUD funds will be paid to subrecipients, roughly $300,000 per business day. All Chicago plans to process payment requests daily. Each day, All Chicago will compile all submitted payment requests and submit a LOCCS request for the total. On the same day, All Chicago will upload an electronic payment submission to its bank for each submitted request. The electronic payment request date to the subrecipients will coincide with the payment date confirmed by HUD. Our bank has guaranteed one day electronic payment turnaround.

We expect occasional payment timing issues. We currently have $550,000 in line of credit availability. We are negotiating with our banker to expand this amount to $1 million to cover up to 3 days in potential payments in advance of HUD funding.
Chicago Continuum of Care  
Unified Funding Agency Budget

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Total Salaries  
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Benefits + Taxes  
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Total Compensation  
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Travel and Education  
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Information Technology  
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Rent, Utilities and Phone  
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Materials and Supplies  
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Indirect Costs  
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