

# **MERGING WITH ANOTHER CONTINUUM OF CARE**

## **A Discussion Guide for Communities Considering Changing their Continuum of Care Composition**

### **Background**

Continuums of Care (CoCs) sometimes consider consolidating, or merging, with one or more other CoCs to achieve improved coordination of services, more efficient resource allocation, and regional planning to address homelessness. CoC consolidation can also improve competitiveness in the McKinney-Vento homeless funding competition, as well as reduce the administrative burden of applying for funding at the local level and reviewing funding applications at the national level. In recognition of these advantages, HUD has adopted a policy for calculating Pro-Rata Need that ensures that CoCs will not lose funds by merging.

For the 2010 competition, CoCs in Hold Harmless Need status (HHN) merging with CoCs in Preliminary Pro-Rata Need status (PPRN) will receive the sum of the higher of the HHN or PPRN for each of the merging CoCs. After this competition, the PPRN and HHN amounts will be calculated based on the combined jurisdiction.

### **Purpose of this Guide**

This discussion guide provides communities with important discussion topics and probing questions to consider before deciding to consolidate, or merge, CoCs. A second purpose of the guide is to provide guidance to CoCs that have already made the decision to merge for the 2010 CoC Registration Process. Included with this guide is a worksheet intended to help communities calculate the Final Pro-Rata Need for a proposed consolidated CoC.

### **Intended Audience**

This guide should be used by CoC lead organizations, those involved in the CoC planning process, and other key stakeholders involved in policy-making for the Continuum.

### **How to Use this Guide**

Any decision to change the composition of a CoC should only be made after careful planning and consideration by all stakeholders. HUD encourages communities to use the guide in a group setting so that stakeholders can come to a consensus on critical issues affecting their proposed CoC. HUD also encourages CoCs to discuss potential mergers with local Field Office representatives prior to the 2010 competition. At a minimum, CoC lead organizations should review this guide prior to registering a newly “merged” CoC during the 2010 CoC Registration

process. Further guidance on how to request a new CoC Name and CoC code in order to register a newly merged CoC will be provided by HUD prior to the 2010 Registration Deadline.

**Topic Area One: CoC Jurisdiction, Governance and Management**

1. Have you identified the geocode(s) that will be part of the new CoC?
2. Have you considered all of the potential benefits and drawbacks (the pros and cons) of a potential merging of CoCs, and are you confident that the new structure will result in better outcomes for the combined jurisdiction?

PROBES:

- What are the benefits of creating a new CoC? Is the new CoC being structured to reinforce and maximize these benefits?
- What are the concerns of creating a new CoC? Is the new CoC being structured to minimize these concerns?
- Have you thought about the strengths of the current separate CoC structure, and what you may lose as a result of the merger? Is there a way to structure the new CoC to maintain the strengths of the current CoCs? Does the risk of losing these strengths outweigh the potential benefits of merging?
- What are the concerns with the structures, planning processes, capacity, and decision-making processes of each current CoC? How will the new CoC be organized to address these issues?
- Are there any negative consequences that will result from the merge? Are there ways to structure the new CoC to mitigate the likelihood of these occurring?

Consider a side-by-side comparison of the benefits and challenges of a potential merge, like the one provided below.

<i>Potential Benefits</i>	<i>Potential Challenges</i>
<ul style="list-style-type: none"> <li>•Increased ability to focus on coordination in a multi-county consortium</li> <li>•Economies of scale: 1 annual McKinney-Vento application required instead of 2</li> <li>•Maximize use of Federal McKinney-Vento funds bonus fund</li> <li>•Performance and competitive edge likely to improve for metro region</li> <li>•Regional planning enhanced</li> </ul>	<ul style="list-style-type: none"> <li>•A regional continuum would add a layer of planning</li> <li>•Potential loss of local county control over McKinney decision-making</li> <li>•Staffing capacity might be a challenge for smaller CoCs</li> <li>•Application performance likely to drop for high ranking CoC</li> <li>•Strong facilitation will be required</li> </ul>

3. Have you identified or created a primary decision-making group to govern the combined CoC?

PROBES:

- Have you defined the role of the primary decision-making group and designated other committees (as needed) to effectively coordinate all aspects of the CoC, fairly representing all parts of the new CoC jurisdiction?
  - Have you developed a decision-making process for implementing the CoC strategy and other policy-related issues that will accommodate fair representation of all areas of the CoC?
  - Have you determined the membership (or membership categories) of the primary decision-making group and other CoC committees, including an appropriate range of constituencies such as nonprofit organizations, state and local government agencies, public housing agencies, housing developers and service providers, school systems, law enforcement, hospital and medical entities, funding providers, local businesses and business associations, and homeless or formerly homeless persons?
4. Have you identified the CoC lead organization for the combined CoC and assessed its capacity to manage the day-to-day operations of the CoC, perhaps in conjunction with the primary decision-making group?

PROBES:

- Does this organization have the capacity and skills to manage a year-round planning and service coordination for the combined CoC?
  - Can this organization effectively manage the CoC application and project ranking process for the combined CoC?
  - Does the organization have the capacity to administer HUD funds, if that role is desired?
  - Have you considered how meetings would work in a consolidated continuum with regards to travel time and transportation costs?
  - Have you identified other roles for the lead organization? Does it have the capacity to fulfill these roles?
  - How will you ensure that the lead organization understands its responsibilities and will be accountable to the CoC primary decision-making group?
  - Do you have a mutually agreeable method to fund the administration of the new CoC?
5. Have you discussed the proposed merger with your local HUD Field Office?

## **Topic Area Two: Homeless Assistance System and Resource Allocation**

1. Will the new CoC have a well-defined and comprehensive *strategy to address the community's housing and service needs*?

PROBES:

- Is there a strategy to end homelessness or a vision for the homeless system that is shared by key stakeholders throughout the combined jurisdiction?

- Do you have a strategy to prevent homelessness when individuals or families are discharged from key local or state institutions that affect the combined jurisdiction?
  - Are the homeless service providers supportive of the merger, and will they be willing to work with the new CoC to develop or alter programs to better address homelessness?
  - Is there a viable process for understanding needs throughout the complete merged jurisdiction as a basis for ongoing strategic planning?
  - Have you developed measurable, performance-based goals that support the CoC strategy to end homelessness that can be implemented throughout the merged jurisdiction?
  - Do you have a plan to collect data on system accomplishments to evaluate progress relative to evolving needs?
2. Have you reached agreement on the *project review* and *priority-setting process* for the new CoC? [Note: this issue can be the most challenging for multi-jurisdictional CoCs and should be thoroughly discussed prior to agreeing to a merger.]

**PROBES:**

- Have you developed a mutually agreeable method for allocating resources proportionate with needs, PPRN/HHN within the CoC geography, or another appropriate formula or method?
- Have you identified a fair and impartial review and ranking process with priorities that are consistent with the goals and needs of the entire jurisdiction covered by the CoC?
- Have you considered the criteria for ranking Bonus project applicants, if HUD offers bonus funding in subsequent NOFAs?
- Would this process include representation and input from diverse constituencies representing all geographies within the CoC?

### **Topic Area Three: HMIS Implementation**

Merging CoCs may also mean merging HMIS implementations. When thinking through the management, operation, funding and leadership issues associated with the merge, also consider the following questions about the HMIS.

1. Have you considered options for identifying the agency that will manage the HMIS lead agency if there is a CoC merge?

**PROBE:**

- Is there an existing organization with the capacity to manage access for all current and new users; train users; monitor HMIS data quality; conduct data analysis; and produce required reports such as the APR and AHAR, and reports for local evaluation and planning purposes?
2. Have you considered funding strategies (or alternative plans) to ensure the implementation has adequate support to operate?

3. Since bed coverage is calculated based on each complete CoC, how would the merge affect provider participation rates by category for the combined CoC?
4. How would the merge affect potential participation in subsequent AHARs?
5. If the merging CoCs use different HMIS software, have you considered how you would implement a single primary HMIS for the CoC?

**PROBES:**

- Would HMIS data from all current systems be incorporated into the new HMIS implementation? If so, how, when, and how much data will be merged?
- If two different software packages are involved, how would you determine which software will be used for the merged CoC and when would you plan to migrate?

### **Topic Area Four: Financial Implications**

Although HUD encourages CoCs to merge based on wanting to promote increased coordination among service systems and administrative efficiencies, it wants to ensure that CoCs understand the financial implications of their decisions. The attached worksheet will aid this process by providing a step-by-step guide to calculating Final Pro-Rata Need for the 2010 application. After filling out this worksheet, but prior to the 2010 CoC Registration Deadline, communities should discuss the following issues:

- The immediate and ongoing renewal burden for the new merged Continuum of Care
- How Final Pro-Rata Need will be calculated for the new Continuum of Care
- The financial implications related to CoC annual renewal burden and Final Pro-Rata Need for subsequent years