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After More Than 6 Years, the City of New Orleans' National Disaster Resilience Project Activities Made Little Impact on Resilience

WASHINGTON DC— Today, the U.S. Department of Housing and Urban Development (HUD) Office of Inspector General (OIG) issued an audit report examining the City of New Orleans' (the City) use of HUD's National Disaster Resilience grant funding. HUD's program is designed to help state and local communities recover from past disasters, while also improving their infrastructure to withstand future extreme events through strategic community investments. In January 2017, HUD awarded the City \$141.2 million in Community Development Block Grant National Disaster Resilience funds. The City initially reported to HUD that it would complete its National Disaster Resilience program activities by September 2022. HUD OIG found that after more than 6 years since the City was awarded funding for resilience activities, the City had made little progress towards achieving its goals established for completing its infrastructure and stormwater management projects.

As of September 1, 2023, the City had spent about \$21 million of the 2017 grant award, or roughly 15 percent. When a grantee spends 10 percent less than the monthly pace required to fully use a grant by the stipulated target closeout date, HUD classifies the grantee as a slow spender. The City has been designated as a slow spender by HUD each reporting period from May 2017 to October 2023.

All 11 of the City's major infrastructure projects that were designed to combat flooding and improve the reliability of critical facilities and the health and the quality of life of residents in the Gentilly Resilience District, had been significantly delayed. Of the 11 projects OIG reviewed, only 1 project had made progress; 2 projects were slated for cancellation and the remaining 8 were still in the design or planning phase.

HUD OIG also reviewed the City's Retrofit Program, which is designed to provide stormwater management to residents in the Gentilly Resilience District by diverting water away from their homes to reduce flooding. OIG found that the City's activities in this program did not always reduce flood risk and, in many cases, left some homeowners with more flooding and physical and financial burdens. In addition, due to the disproportionate amount of funds spent on planning and administration, the City may be at risk of running out of funds for planning and program oversight and may need to allocate non-Federal funds to continue, which may be limited.

"HUD grant funding provided for disaster recovery and resilience offer recipient communities the opportunity to improve the lives of their citizens by repairing damaged properties and strengthening infrastructure against future disasters," said Inspector General Rae Oliver Davis. "When grant

recipients do not use these funds timely, it increases the risk that vulnerable communities and populations will again be harmed by natural disasters. The recommendations made in this report will help HUD work with the City to achieve better outcomes in its National Disaster Resilience program.”

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