



OFFICE of
INSPECTOR GENERAL
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UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

Grantees Were Delayed in Completing National Disaster Resilience Program Activities, but Remain On Track to Accomplish Goals

Audit Report Number: 2025-FW-0001

February 21, 2025

To: Tenille S. Parker
Director, Office of Disaster Recovery

//signed//

From: Kilah S. White
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Subject: Grantees Were Delayed in Completing National Disaster Resilience Program Activities, but Remain On Track to Accomplish Goals

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our audit of the project activity status for 12 grantees that received funds under HUD's Community Development Block Grant National Disaster Resilience grant.

HUD Handbook 2000.06, REV-4, sets specific timeframes for management decisions on recommended corrective actions. For each recommendation without a management decision, please respond and provide status reports in accordance with the HUD Handbook. Please furnish us copies of any correspondence or directives issued because of the audit.

The Inspector General Act, as amended, requires that OIG post its reports on the OIG website. Accordingly, this report will be posted at <https://www.hudoig.gov>.

If you have any questions or comments about this report, please do not hesitate to call Danita Wade, Audit Director, at (817) 978-9309.

Highlights

Grantees Were Delayed in Completing National Disaster Resilience Program Activities, but Remain On Track to Accomplish Goals | 2025-FW-0001

What We Audited and Why

We audited the project activity status for 12 grantees that received funds under the U.S. Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) National Disaster Resilience (NDR) grant to determine whether the grantees have accomplished or are on track to accomplish the goals of the activities outlined in their action plans.

What We Found

NDR grantees should be able to accomplish their program goals by leveraging deadline flexibilities that HUD offered. Grantees had spent more than 70 percent of their grant funds since program implementation in 2016. Grantees were working toward disbursing their remaining \$250 million in grant funds for 75 project activities planned or underway by the revised program expenditure deadline.

Of the 12 NDR grantees, 4 had progressed well with accomplishing program goals. The other eight grantees experienced challenges related to one or more of their project activities. The 8 grantees that experienced challenges had a combined total of 24 project activities, of which 21 activities had been underway between 4 and 8 years from their original planned start dates, and the grantees had disbursed less than one-third of the funds allocated, with 3 activities still in "planned" phase, even though the grant agreements were executed more than 7 years ago. The grantees cited a variety of reasons for the delays, such as COVID-19, the newness of the program, and various other issues. Our review also found that grantees lacked adequate policies and procedures for the timely expenditure of funds and had staffing and partner capacity issues, which may have contributed to delays. In addition, HUD could improve its use and design of quarterly performance and action plan review checklists to be more effective in its regular monitoring and oversight of the grantees.

These projects are vital to the communities they serve. Although the grantees were progressing in the implementation of their project activities, the slow pace of completing projects and deadline flexibilities provided by HUD resulted in delayed benefits to program beneficiaries and continued exposure to future damage to their communities.

What We Recommend

We make several recommendations to HUD to assist in improving oversight of the NDR grantees. Specifically, we recommend that HUD (1) work with Connecticut and Shelby County grantees to create a plan of action to fully realize program benefits; (2) conduct onsite monitoring for the City of Minot and Tennessee grantees, which have not been monitored; (3) require the eight grantees with delayed activities to provide a detailed timeline for completing their projects to ensure that grantees stay on schedule; (4) revise and abbreviate the action plan and quarterly performance checklists for more effective use; and (5) require grantees to provide documentation showing that they have upfront collaboration with partnering entities.

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Background and Objective

Under Public Law 113-2,¹ HUD released a notice of funding availability for the Community Development Block Grant (CDBG) National Disaster Resilience (NDR) competition on September 17, 2014.² HUD designed this \$1 billion grant program to allow States and local communities to have flexibility in program activities and help State and local communities recover from past disasters, while improving their ability to withstand future extreme events through strategic community investments.

The NDR program's goals are to (1) apply science-based and forward-looking risk analysis to address recovery, resilience, and revitalization needs; (2) leave a legacy of thoughtful, innovative, and resilient approaches to addressing future risks; (3) provide help for communities to plan and implement projects that make them more resilient to economic stresses or other shocks; (4) fully engage with stakeholders about the impacts of climate change and develop pathways to resilience based on sound science; and (5) leverage investments from the philanthropic community to help communities define problems, set goals, explore options, and craft solutions. This program is in addition to other disaster-related programs, such as the CDBG Mitigation program, for which Congress appropriated \$12 billion for eligible grantees to carry out strategic and high-impact activities to mitigate disaster risks and reduce future losses.³ The NDR and other disaster-related programs share the goals of improving current conditions, reducing risks associated with future disasters, and leveraging investments and partnerships.

On January 21, 2016, HUD announced 13 NDR finalists and awarded funds to these grantees for resilient infrastructure, housing, and economic revitalization activities. HUD executed grant agreements between September 21, 2016, and February 8, 2017 (table 1). Although an important component of this broader NDR work, we excluded any NDR project activities related to the City of New Orleans since we recently issued an audit report regarding its grant activities.⁴ We reported that all 11 of the City's major NDR infrastructure projects that were planned in 2017 had been significantly delayed, with only 1 project making progress after being underway for 5 years and 8 still being in the design or planning phase.

¹ Enacted on January 29, 2013, Public Law 113-2 authorized \$16 billion for necessary expenses related to disaster relief, long-term recovery, restoration of infrastructure and housing, and economic revitalization in the most impacted and distressed areas. This included areas that sustained damage because of a major disaster declared under the Robert T. Stafford Disaster Relief and Emergency Assistance Act due to Hurricane Sandy and other eligible events in calendar years 2011, 2012, and 2013 for activities authorized under Title I of the Housing and Community Development Act of 1974.

² Notice of Funding Availability (2014NDRC-NOFA) – CDBG National Disaster Resilience Competition, Federal Register (FR) Notice FR-5800-N-29

³ Congress appropriated the funds in February 2018 specifically for mitigation activities for qualifying disasters in 2015, 2016, and 2017. HUD was able to allocate an additional \$3.9 billion, making the amount available for mitigation nearly \$16 billion.

⁴ HUD Office of Inspector General (OIG) report 2024-FW-1002, *After More Than 6 Years, the City of New Orleans' National Disaster Resilience Project Activities Had Made Little Impact on Resilience*, issued March 11, 2024

Table 1: NDR finalists and grant award amounts and dates

Grantee	Grant award amount	Grant award date
State grantees		
California	\$70,359,459	01/17/2017
Connecticut - DOH	54,277,359	02/08/2017
Iowa	96,887,177	10/11/2016
Louisiana	92,629,249	12/19/2016
New Jersey	15,000,000	01/24/2017
New York	35,800,000	01/25/2017
Tennessee	44,502,374	12/27/2016
Virginia	120,549,000	01/18/2017
City and county grantees		
New York City	176,000,000	01/24/2017
Minot, ND	74,340,770	09/21/2016
Shelby County, TN	60,445,163	12/21/2016
Springfield, MA	17,056,880	10/17/2016
New Orleans (not included in this audit)	141,260,569	01/19/2017
Total:	999,108,000	

HUD initially required the 13 NDR grantees to spend all their grant funds by September 30, 2022.⁵ HUD has extended the grant expenditure deadline twice. It extended the deadline to September 30, 2025,⁶ then to September 30, 2029.⁷

As of April 4, 2024, of the nearly \$858⁸ million HUD allocated to 12 grantees, they had spent more than \$600 million (70 percent). These 12 grantees had a total of 158 project activities in varying project statuses listed in HUD’s Disaster Recovery Grant Reporting (DRGR) system. See table 2.

⁵ Federal Registers 5936–N–01 and 6039–N–01 stated that the funds must be spent by September 30, 2022.

⁶ Public Law 117-103 and Federal Register 6316–N–01 extended the expenditure deadline to September 30, 2025, for the liquidation of valid obligations incurred in fiscal years 2013 through 2017.

⁷ Under Federal Register 6397–N–01, HUD revised the period of performance and budget period with an end date of September 30, 2029.

⁸ Total spent \$600,204,180 / total grant allocation \$857,620,271 = 69.98 percent

Table 2: DRGR status of 158 project activities

Grantee	Project Status as of April 2024		
	Underway	Planned	Completed
California	8	1	4
Connecticut – DOH	4	1	1
Iowa	0	0	30
Louisiana	16	0	2
Minot, ND	11	0	5
New Jersey	8	0	1
New York	5	0	0
New York City	4	0	0
Shelby County, TN	18	0	2
Springfield, MA	3	0	8
Tennessee	10	0	0
Virginia	12	1	3
Totals	99	3	56

The audit work cited in this report is as of April 4, 2024, which was the end of our audit fieldwork. The analysis contained within this report reflects conditions at that time. As of November 13, 2024, the 12 grantees had disbursed more than \$623 million (73 percent) of their NDR grant funds.

Our audit objective was to determine whether HUD’s NDR grantees had accomplished or are on track to accomplish the goals of the activities outlined in their action plans.

Results of Audit

Grantees Were Delayed in Completing National Disaster Resilience Program Activities, but Remain On Track to Accomplish Goals

By leveraging the flexibilities HUD offered through extending spending and project completion deadlines, NDR grantees should be able to accomplish their program goals. Grantees had spent more than 70 percent of their grant funds since HUD awarded the grants in 2016. Grantees were working toward disbursing their remaining \$250 million in grant funds for 75 project activities, either planned or underway, by the revised program expenditure deadline. Of the 12 NDR grantees, 4 had progressed well with accomplishing program goals. The other eight grantees experienced challenges related to one or more of their project activities. The eight grantees that experienced challenges have a combined total of 21 project activities that have yet to be fully implemented or finalized, even though the grant agreements were executed more than 7 years ago. Specifically, the 21 activities had been underway between 4 and 8 years from their original planned start date, and grantees had disbursed less than one-third of the funds allocated. Three of the eight grantees each had a project activity that was still in a planned status and had not started. Additionally, three grantees were chronically identified as slow spenders, two of which had spent a disproportionate amount of their administrative funds compared to their grant funds.

A variety of issues contributed to the grantees' delays. The grantees cited a variety of reasons for the delays, such as COVID-19 and the newness of the program. We found several grantees lacked adequate policies and procedures for the timely expenditure of funds, such as those covering how activities, expenditures, and subrecipients will be monitored and consequences for untimely execution. Grantees also had staffing and partner capacity issues. Further, HUD did not enforce all requirements in its Notice of Funding Availability addressing when project activities would be completed. Improvements in HUD's use and design of quarterly performance and action plan review checklists could result in more effective monitoring and oversight of the grantees. Although the grantees were progressing in the implementation of their project activities, the slow pace of completing projects and deadline flexibilities provided by HUD resulted in delayed benefits to program beneficiaries and continued exposure to future damage to their communities.

NDR Grantees Had Spent 70 Percent of Their Grant Funds Since Program Implementation

Overall, the 12 NDR grantees were responsible for 158 project activities totaling nearly \$858 million. As of April 4, 2024, 75 of the combined project activities (47 percent) had more than \$250 million left to be disbursed. These 75 project activities each had varying disbursement percentages, with a majority having 67-99 percent of their grant funds disbursed (table 3). With HUD's extending the expenditure deadline from September 30, 2022, to September 30, 2029, the grantees are better positioned to complete their project activities.

Table 3: Project activities with funds remaining

Number of project activities with funds remaining	Total funds budgeted	Total funds remaining	Percentage range of funds disbursed per project activity
24	\$264,401,055	\$227,033,879	0-33
4	19,622,011	6,997,344	34-66
47	256,723,915	16,759,780	67-99
Totals:	540,746,981	250,791,003	75

Four of HUD’s grantees had progressed well toward accomplishing the goals of the NDR program, while the other eight experienced challenges, as discussed below.

Four National Disaster Resilience Grantees Had Progressed Well

Four grantees had disbursed between 89 and 100 percent of their grant funds and had either completed or were on track to complete their projects and meet the goals of the NDR program (table 4 and Grant Details A-D).

Table 4: Four grantees had made substantial progress

Grantee	Total funds budgeted	Total disbursed	Percentage of funds disbursed
Iowa	\$96,342,043	\$96,342,043	100
Springfield	17,056,880	16,563,457	97
New York	35,800,000	33,997,412	95
New Jersey	15,000,000	13,299,465	89
Totals	164,198,923	160,202,377	

These four grantees had notable accomplishments. Specifically,

- Iowa had completed all 30 of its project activities, which were designed to sustain the State’s valuable agricultural economy, while protecting vulnerable residents and communities. This grantee had spent all grant funds by December 2022.
- Springfield had completed a cogeneration facility, a combined heat and power plant to provide nongrid electricity, chilled water, and steam, on the Baystate Medical Center Campus. This facility was completed in December 2019 and will reduce greenhouse gases by 13,513 tons and extend operations fully at the Baystate Medical Center for a minimum of 30 days during a utility crisis.
- New York’s 20 Workforce Development participants had graduated, of whom, 12 were employed and 3 had been hired for CDBG-NDR public housing agency projects.

- New Jersey had created a toolkit, slated to be completed by the end of 2024, that provides a set of best practices for stormwater infrastructure operations and maintenance, asset management, and stormwater maintenance jobs training. New Jersey stated that HUD was excited about the toolkit’s progress early on and invited it to spread the word on what it was working on at one of its group meetings.

In addition, while HUD’s expenditure reports showed that all 12 grantees were designated as slow spenders several times throughout the audit period, these 4 grantees had overcome their spending challenges and progressed well with administering their NDR grant.

Eight NDR Grantees Had Experienced Delays, Slow Spending, and Disproportionate Spending of Administrative Funds

Eight grantees had one or more activities either underway or planned that were delayed from the original planned start date. In addition, three grantees were chronically⁹ identified as slow spenders, of which, two had also spent a disproportionate amount of their administrative funds. See table 5 and Grant Details E through L for additional details on the grantee and project activities.

Table 5: Grantees’ project activity status summary

Grantee	Total activities	Delayed projects ¹⁰	Project activities still in planned status	Chronically identified slow spender	Disproportionate administrative funds spent
California	13	2	1		
Connecticut	6	3	1	X	X
Louisiana	18	1			
Minot	16	1			
New York City	4	1		X	
Shelby County	20	10		X	X
Tennessee	10	1			
Virginia	16	2	1		
Totals	103	21	3		

As shown in table 5, of 103 project activities,¹¹ 21 had been underway between 4 and 8 years from their original planned start date. Underway project activities included environmental value, rehabilitation or reconstruction of public facilities or residential structures, general acquisition, and construction or reconstruction of streets. Another three activities for California, Connecticut, and Virginia, which

⁹ HUD identified Connecticut, New York City, and Shelby County as slow spender grantees for 54, 52, and 52 of 56 months, respectively, between 2017 and 2023.

¹⁰ We deemed projects delayed if the projects had disbursed less than 33 percent of their grant funds and had been underway for at least 4 years from the original planned start date.

¹¹ These 103 activities include planned, underway, and completed activities.

included activity types such as environmental value¹², planning, and an economic development or recovery activity that creates and retains jobs, were still in a planned status, indicating that these activities had not started, although they were originally planned to start in early 2017.¹³ Funds remaining for these 24 activities¹⁴ totaled more than \$227 million of the \$264 million originally budgeted, leaving 86 percent of the grant funds unspent more than 7 years after grants were awarded.

While the eight grantees had experienced issues that negatively impacted the delivery of project results to varying degrees, Connecticut and Shelby County experienced the greatest challenges in making progress in spending their grant funds. Half of Connecticut's and Shelby County's total project activities had disbursed less than one-third of their obligated funds and had been underway for at least 7 and 4 years, respectively, from the original planned start date. As discussed above, Connecticut also had one project activity still in a planned status. In addition, Connecticut and Shelby County were chronically identified as slow spenders, as HUD labeled Connecticut a slow spender for 54 of 56 months (96 percent) and Shelby County 52 of 56 months (93 percent) between 2017 and 2023. Further, Connecticut and Shelby County may run out of funds needed to oversee their programs, as both grantees have spent more of their grant funds on administrative costs than on the execution of their projects and program activities. As of April 4, 2024, Connecticut had disbursed only 31 percent of its grant funds but had drawn down 69 percent in administrative funds, and Shelby County had disbursed only 50 percent of its grant funds but had drawn down 90 percent in administrative funds. Because administrative funds are capped at 5 percent, both grantees are at risk of running out of administrative funds, with Connecticut having only about \$846,000 and Shelby County about \$203,000 in administrative funds left to oversee their projects for the next 5 or more years.

Details of Challenges and Impacts for a Sample of Delayed Project Activities

We selected a sample of 48 project activities across the 12 grantees. Of the 48 samples, 6 activities disbursed less than 33 percent of their grant funds and had been underway for at least 5 years from the original planned start date. We considered these 6, which were associated with New York City, Shelby County, and Tennessee grantees, as delayed project activities.¹⁵ We reviewed these project activities to determine specific reasons for the delays and the impact on the communities.

New York City

New York City's main project activity, the Brooklyn Bridge-Montgomery Coastal Resiliency project, is designed to (1) reduce the risk of flooding from sea level rise and storm surge for thousands of residents, while also preserving community views and access to the waterfront and greenway and (2) make investments to enhance the drainage capacity for interior and precipitation flooding. The project is slated to benefit 11,410 residents but had made slow progress. Although the project officially started on

¹² California's environmental value project activities targeted fuels reduction and biomass removal; noxious weed abatement; reforestation/tree planting; rangeland infrastructure replacement of fencing, cattle guard crossings, corrals and drinking troughs; and expansion of fuel breaks on public and private lands.

¹³ Grants were awarded in January and February 2017.

¹⁴ The 24 activities consist of the 21 activities that had been underway 4 to 8 years from their original planned start dates and the 3 activities that were still in a planned status.

¹⁵ Although Connecticut experienced many challenges in delivering project results, it did not have any delayed projects that were part of our sample.

January 24, 2017,¹⁶ the City did not begin construction until February 2023. This delay has left the City's projected beneficiaries susceptible to being impacted by later flood events. Since 2017, the area had experienced significant rain events in September 2021 and September 2023, which caused major flooding and damage due to the drainage system's being overwhelmed. The completion of this project could have helped to alleviate or assist with some of that drainage. In addition, a flood factor report showed that the areas benefiting from the NDR projects have an extreme risk of flooding over the next 30 years. Until the City can complete this project, currently scheduled for October 2026, the intended beneficiaries will continue to be susceptible to significant damage from flooding. (See Grant Details J.)

Shelby County

Shelby County had disbursed 0 percent of its funds for four project activities. The first project is for the construction of a neighborhood development and 16,000 linear feet of green public improvement. According to Shelby County, the project underwent three major design alterations due to real estate challenges, and contractors walked off the job, resulting in delays.

The other three delayed projects are half of the six-part Big Creek Wetland and Recreation area project. The projects experiencing delays included (1) the recreational facilities project, which was delayed due to a supporting infrastructure delay; (2) the bridge modifications project's being impacted by the recreational facilities project delay; and (3) the tree planting projects, in which no work was performed because the trees were able to be saved and the funds would be transferred to infrastructure, but the project activity was still classified as "underway" in HUD's reporting system. Due to these delays, beneficiaries of the program will not receive the maximum benefits of the project activities. (See Grant Details L.)

Tennessee

Tennessee had one delayed project for which it disbursed only 29 percent of its funds. During a Mississippi River flood event in 2011, failure of a spillway structure resulted in reduced water levels, which prevented the local population from accessing the lake. The project activity involved repair of the spillway, which is slated to benefit 19,690 residents, and was originally expected to be completed by March 2017. The project did not begin until April 4, 2017, and was scheduled to be closed out in December 2023. According to Tennessee, this activity went out to bid twice, but the bids submitted were extremely overbudget. A 2021 reassessment and reevaluation for alternative solutions determined that an initial temporary fix was functioning as a permanent solution and would suffice. An earlier assessment of this activity would have allowed the grantee to plan the use of these project funds more efficiently and remove the delay in completing projects. As of April 4, 2024, this project had not been closed, and the grantee had spent \$53,057 of \$185,000 (29 percent). (See Grant Details H.)

NDR Grantees Faced Individual Challenges

Some common challenges identified in disbursing the NDR grant funds within required timeframes were (1) the lack of adequate policies and procedures for the timely expenditure of funds, (2) staffing and capacity challenges, and (3) various other challenges such as COVID-19 and obtaining buy-in from the community.

Grantees did not have adequate policies and procedures for the timely expenditure of funds as required: HUD required grantees to include in their NDR policies and procedures how they would track and

¹⁶ Grant award date

document their expenditures and those of their subrecipients, how they would reprogram funds in a timely manner for activities that were stalled, and how they would project expenditures of all CDBG Disaster Recovery (CDBG-DR) funds within the period provided.¹⁷ However, 8 of 12 grantees did not have adequate policies and procedures for the timely expenditure of grant funds, although they each attested to the proficiency and adequacy of their controls on the NDR certification checklists. For example, Louisiana’s policy had a section for timely expenditures, but it stated only that “all funds appropriated under Public Law 113-2 must be expended by September 30, 2022. Any grant funds that have not been disbursed by September 30, 2022, will be canceled and will no longer be available for disbursement or for obligation or expenditure for any purpose. Projects that are unable to meet this deadline will be ineligible for funding.” The policy did not include procedures for ensuring timeliness of expenditures; specifically, indicating how the grantee would track and document its expenditures and those of its subrecipients, how it would reprogram funds in a timely manner for activities that were stalled or canceled, and how it would project expenditures of all CDBG-DR funds within the period provided. Without adequate policies and procedures, grantees cannot ensure the timely expenditure of funds when projects become stalled or need to be reprogrammed.

Some grantees experienced staff and partner capacity issues: In administering the grant program, HUD required grantees to plan and maintain adequate staff capacity.¹⁸ A review of the staff listings and grantee interviews determined that all eight grantees with delayed project activities had experienced staffing issues during the grant period. The issues included no or limited staff when the grant period started and high staff turnover rates during the grant period. For example,

- Although Connecticut’s NDR staff organizational chart showed that it would have six staff members to administer the grant, it did not have a director after May 2020 and had only four staff members after February 2023. In addition, Connecticut had four main contractors and one company that had a memorandum of understanding to assist with executing the bulk of its program. However, the first contractor did not start until October 2017, 9 months after Connecticut signed its grant agreement with HUD. These contractors also had subcontractors, which took time to procure. The delay in starting the program execution contributed to the time it took for Connecticut to prepare the independent cost estimates, prepare the bid packages, complete the procurement process, and execute the contracts and memorandum of understanding. In addition, contractors had to procure for their subcontractors, leading to further delay.
- Shelby County’s grant management team was supposed to be staffed with eight employees, but that number was reduced during the pandemic to ensure that the administration activity funds could be extended beyond the original grant deadline, since many of the construction activities were delayed. Its grant management team started with three staff members but had a high turnover.¹⁹ The County never hired the eight employees originally planned to carry out the activities.

¹⁷ 81 FR 36557

¹⁸ Ibid.

¹⁹ The staff increased by one in September 2017, but after March 2019, it did not have a grant coordinator. By September 2020, it had only two staff members through June 2021 and then only one staff member from July 2021 to October 2021. From November 2021 through October 2022, the staff increased by two.

Various other challenges: Of the 12 grantees, 8 cited various challenges with implementing their program, such as COVID-19, obtaining buy in from the municipality, funding deficits, and contractors' walking off jobs. In addition, rising costs, limited administrative funds, acquisition and building challenges, the lack of program experience, the newness of the program, and large-scale projects posed difficulties.

HUD Did Not Enforce All Requirements Stated in the Notice of Funding Availability

Originally, the notice of funding availability, which initiated the NDR program, stated that NDR grantees were required to complete all activities and disburse all funds within 24 months or by 2019. When the grant agreements were executed, HUD set the deadline at 2022. However, the grants application and award process did not always ensure that these projects could be completed by 2019 or 2022 as originally planned due to HUD's application rating factors and the nature of the projects. Additionally, some of the projects were not designed for quick implementation, as recognized in HUD's waiver,²⁰ and resulted in three extended deadlines.²¹ One grantee expressed frustration with the multiple extensions, as they impacted its ability to "program out" the activities and opportunities to improve the programs were missed.

The NDR competition was structured in two phases: (1) a framing phase and (2) an implementation phase. During phase 1, applicants considered their disaster recovery needs, vulnerabilities, stakeholder interests, resilience, community development objectives, and investment alternatives. In phase 2, applicants considered and refined approaches to meet their needs and objectives identified in phase 1. HUD invited the top-scoring applicants from phase 1 to participate in phase 2 and made funding awards at the conclusion of phase 2. For the grantees' phase 2 application, designed for the NDR grantee finalists, HUD required grantees to provide certain elements in their phase 2 application submissions. One of the required elements was the submission of a detailed and feasible program schedule for completing their proposed activities by 2019. HUD stated that if the applicant did not submit this program schedule, it still could have received the grant award, although it had no points for an element rating factor. However, for the eight grantees with delayed projects, three had project activity completion dates ending in 2019, one had completion dates ending in 2020, two had completion dates ending in 2022, and one had completion dates ending in 2023 documented in their phase 2 application submissions. Therefore, contrary to the program's intent that project activities would be completed within 24 months, HUD awarded the grants knowing that the grantees would exceed the required deadline, with one grantee's timeline exceeding the initial agreed-upon 2022 completion date in the original executed grant agreement.

Another requirement was the submission of a contingency plan stating what it would do if any project activity partners failed to act or were untimely, how it would fill any staff position or staff capacity gaps,

²⁰ 84 FR 4836, stated that these program efforts would inevitably extend beyond the 24-month expenditure deadline that applies to each obligation. Public Law 113-2 authorized the Office of Management and Budget (OMB) to grant waivers of the 24-month expenditure deadline through written justification, and OMB authorized HUD to provide expenditure deadline extensions for specific activity types.

²¹ Congress extended the expenditure deadlines. Federal Register notices 81 FR 36557 and 82 FR 36812 stated that the funds must be spent by September 30, 2022, public law 117-103 and 87 FR 36869 extended the expenditure deadline to September 30, 2025, and in 88 FR 44816, HUD revised the period of performance and budget period with an end date of September 30, 2029.

or both. However, HUD did not ensure that six grantees had this contingency plan. However, as discussed above, these grantees ultimately experienced issues with the timely expenditure of funds and staffing. Enforcing the requirement would have better positioned the grantee to minimize any negative impacts to the planned or underway projects and give HUD assurance that the grantee could still be successful in executing its grant agreement despite potential challenges.

HUD agreed that it was logical to expect the grantee to meet the application requirements. HUD stated that it had taken measures to incorporate an improvement, called an “implementation plan.” To ensure that grantees had adequate capacity for any new appropriations, HUD stated that it would impose a special grant condition to hire adequate staff. HUD was confident that the new implementation plan would alleviate any future grantee capacity issues.

Opportunities Exist for HUD To Improve Its Monitoring of NDR Grantees

HUD’s Office of Disaster Recovery is responsible for overseeing and monitoring six of the NDR grantees, while various HUD field offices are responsible for the remaining six grantees. HUD had been proactive with monitoring 10 of 12 of its NDR grantees. However, for the remaining two grantees, the City of Minot and Tennessee,²² its field offices had not conducted an onsite or remote monitoring visit since the grant agreements were signed in 2016, although these grantees had delayed project activities.

In addition, the quarterly performance review and action plan review checklists are two of many tools HUD uses to monitor and oversee its grantees. These checklists provide a quick assessment of the disaster programs to ensure that the programs are progressing as required. However, HUD did not always complete or review these checklists for the NDR grantees. Of 294 quarterly performance checklists, HUD did not complete 179 and partially completed 28. Of 172 action plan checklists, HUD did not complete 139 and partially completed 14. Therefore, HUD did not have a full picture of the grantees’ performance.

HUD could update its checklists

Many of the questions in the quarterly performance and action plan checklists are either general or repetitive or do not apply to the NDR or other disaster programs. We acknowledge that all questions in the checklists do not apply to the specific programs. However, since HUD uses these checklists across its disaster programs, these checklists could be updated to allow for more effective use in the review of what is submitted by grantees. Additional checklist topics could also be added, including topics related to implementation plans, estimated milestone date timelines, project budgets, partnership agreements, planning and administrative expenses, staff capacity, performance metrics, housing initiatives, monitoring, slow spenders, drawdown and expenditures, and enforcement action for noncompliance. These topics will assist HUD with pinpointing and resolving challenges that grantees may face early on in their disaster programs. Updating and abbreviating these reports and checklists would also allow for more effective use and allow HUD to identify potential issues with the program in the absence of a monitoring review.

Improving these monitoring activities will provide HUD better visibility and improved oversight of these grantees, which have \$250 million in unspent grant funds through September 2029.

²² Tennessee received only one HUD technical assistance visit.

Conclusion

Of the 12 grantees, 4 had progressed well in executing and completing the project activities of their NDR grant programs as designed and within established timeframes, while 8 experienced some challenges and had 1 or more project activities that were delayed in delivering resilient infrastructure, housing, and economic revitalization. Whether it is a resiliency plan, feasibility study, disaster or resilience learning program, or infrastructure project, the completion of these project activities is critical to the different States, cities, and counties, which justified the award of these grant funds. Without these project activities or until grantees complete projects, beneficiaries do not have access to disaster resilience resources and are left vulnerable to future extreme rain and flood events. While HUD originally planned and designed the program to include project activities to be completed as early as 2019 and 2022, HUD has extended the deadline to 2029, which allows the grantees more time to complete project activities. However, with the extension, communities and beneficiaries continue to wait for needed assistance in their communities. In addition, the extension strains the use of administrative funds to carry out program execution, requiring the funds to be used over a longer period than originally anticipated, thereby causing challenges for grantees in finding additional non-Federal funds to continually monitor and administer their programs to ensure that projects are completed within the expected timeframes. With the deadline extended to 2029, grantees are limited in making administrative funds last 12 years, which impacts proper oversight. Further, opportunities exist for HUD to improve its monitoring of its NDR grantees, as it had not conducted onsite monitoring of two grantees and did not always complete the quarterly performance review and action plan review checklists. HUD could also update the checklists to allow for more effective use in the review of what is submitted by grantees. Lastly, HUD has the option to recapture funds if the grant funds are not spent by the expenditure deadline. Therefore, if projects are only partially complete when the period of performance ends, the grantees will not meet the goals and purposes of the NDR program.

Recommendations

We recommend that HUD

- 1A. Work with Connecticut and Shelby County to fully realize the program benefits by (1) assessing whether any of the current project activities need to be replaced with more viable project activities, thereby ensuring that any modifications to the project activities will lessen the susceptibility of rain and flood events; (2) assessing whether administrative funds have been properly allocated and charged to identify any possible cost savings; (3) determining whether enough administrative funds or other available funds exist to complete the administration of the grant project activities; and (4) developing and implementing a written plan of action that will assist with expediting the project activities that could reasonably be expected to be completed by the September 30, 2029, deadline.
- 1B. Conduct onsite or remote monitoring for the City of Minot and Tennessee, which have not had any monitoring since grant inception, to ensure that these grantees are on track to meet their program goals.
- 1C. For grantees with delayed project activities (California, Connecticut, Louisiana, Tennessee, Virginia, New York City, Minot, and Shelby County), require each grantee to provide a detailed timeline with milestone dates of when projects should be completed and provide updates to ensure that grantees stay on schedule.

For its disaster-related programwide activities,

- 1D. Revise the action plan and quarterly performance review checklists to a format that more specifically and directly addresses the subject program.
- 1E. Require grantees to provide documentation showing that they have upfront collaboration with partnering entities in executing the grant program. If the grantee plans to hire contractors, HUD should ensure that grantees have a plan to quickly onboard contractors early in the program.

Grant Details

Grant Details A – Iowa

The State of Iowa received more than \$96 million to support the Iowa Watershed Approach project activity, which was designed to sustain the State’s valuable agricultural economy, while protecting vulnerable residents and communities. Iowa had completed all 30 of its projects and spent all of its grant funds by December 2022.

Grant number: B-13-DS-19-0001	
Grant award amount: \$96,887,177	
Grant status: closed	
Total grant funds disbursed	\$96,281,039 ²³
Total available	\$0 ²⁴
Total activities	30
Activities completed	30
Activities underway	0
Activities planned	0
Grant award date	October 11, 2016
Initial expenditure deadline	September 30, 2022
Current expenditure deadline	Activities complete; grant closed

Sampled Project Activity Details

As part of our sample, we reviewed 9 of the State of Iowa’s 30 project activities. The purpose of these nine activities included rehabilitating a multiunit residential property, flood mitigation and water quality projects, improvements to the storm sewer system, the repair of manholes, and watershed management plans for rivers. As of April 2024, Iowa had disbursed \$42.1 million (100 percent) of the 42.1 million budgeted for these nine project activities.

Summary of Program Experiences

Grantee Challenges
Too many deadline extensions: The grantee explained that HUD’s deadline extensions were frustrating because the deadline was changed often and impacted its ability to “program out” the activities. Therefore, some opportunities were missed. For example, not all grant partners had the ability to work on their different programs indefinitely, so the State started to ramp down its staffing and plan for the end of the NDR program with the initial deadline. It could have (1) set better expectations related to the management of the housing rehabilitation program so as many people as possible would benefit, rather than planning to ramp down the project activities by a certain date to close out the grant with HUD; (2) set better expectations with its subrecipients, because there were probably some watershed projects that would not be able to proceed due to the grant’s coming to an end but then it was extended; and (3) completed more activities and projects but it could not plan for or predict the extensions, given that the statutory deadline was a specific date.

²³ Program income received and disbursed is not included in this amount.

²⁴ Iowa’s grant was closed in 2022; therefore, no grant funds are available.

COVID-19: Communications and approaches to working with communities were shifted to a hybrid or virtual platform, but internet connections were not the best in rural areas.

Lengthy process: The length of processes to get projects implemented was a challenge. It was hard to work with landowners on public-benefiting flood mitigation projects. The State might get interest from the public to participate in the projects, but because of how long the process took, the people it worked with might change their minds, or their situation might change, so they might back out of the project. For such issues, the State would then have to start all over again. This was a big challenge for the watershed coordinators who were promoting the program and trying to obtain participants.

Review of Timely Expenditure Policy and Staffing

Review Results

Timely expenditure policy deficiencies: Our review of the grantee's NDR policy documentation related to expenditure requirements did not identify any exceptions that would result in challenges with spending funds for its activities.

Staffing analysis: We did not perform a staffing analysis since this program is complete.

Grant Details B – Springfield, MA

The City of Springfield received more than \$17 million to support the creation of an Urban Watershed Resilience Zone. As of April 4, 2024, Springfield had disbursed 100 percent of its funds for 8 of 11 projects and spent 97 percent of its total grant funds.

Grant number: B-13-MS-25-0002	
Grant award amount: \$17,056,880	
Grant status: active	
Total grant funds disbursed	\$16,563,457 ²⁵
Total available	\$493,423
Total activities	11
Activities completed	8
Activities underway	3
Activities planned	0
Grant award date	October 17, 2016
Initial expenditure deadline	September 30, 2022
Current expenditure deadline ²⁶	September 30, 2029

Sampled Project Activity Details

As part of our sample, we reviewed 3 of the City of Springfield’s 11 project activities. The purpose of these three activities involved a home rehabilitation program, a climate change action plan, and a tree steward program. As of April 2024, the City of Springfield had disbursed \$4.6 million (97 percent) of the \$4.7 million budgeted for these three project activities.

Summary of Program Experiences

Grantee Challenges

COVID-19: According to the grantee, COVID-19 caused interruptions to operations.

Review of Timely Expenditure Policy and Staffing

Review Results

Timely expenditure policy deficiencies: None.

Staffing analysis: We did not perform a staffing analysis since this program was almost complete.

²⁵ As of November 13, 2024, Springfield had disbursed \$16,885,153 of grant funds.

²⁶ The current expenditure deadline date is subject to revision based upon Federal Register Notice 88 FR 44816.

Grant Details C – New York State

The State of New York received funding to support public housing resiliency pilots throughout the State to implement site-specific resiliency recommendations and pilot new and innovative approaches to build resilience. For example, two of New York’s project activities included the retrofitting of homes for resiliency and adult learning centers for workforce development. As of April 4, 2024, the State had spent 95 percent of its grant funds.

Grant number: B-13-DS-36-0002	
Grant award amount: \$35,800,000	
Grant status: active	
Total grant funds disbursed	\$33,997,412 ²⁷
Total available	\$1,802,588
Total activities	5
Activities completed	0
Activities underway	5
Activities planned	0
Grant award date	January 25, 2017
Initial expenditure deadline	September 30, 2022
Current expenditure deadline ²⁸	September 30, 2029

Sampled Project Activity Details

As part of our sample, we reviewed two of the State of New York’s five project activities. The purpose of these two activities included the retrofitting of homes for resiliency and adult learning centers for workforce development. As of April 2024, New York had disbursed \$11.4 million (100 percent) of the \$11.4 million budgeted for these two project activities.

Summary of Program Experiences

Grantee Challenges

Construction: According to the grantee, construction was a challenge. Specifically, the process to replace contracts, rebid contracts, execute change orders, manage subrecipients who were unfamiliar with disaster recovery requirements, and swap subrecipients out for direct service contractors were all challenging.

²⁷ As of November 13, 2024, New York State had disbursed \$33,997,412 of grant funds.

²⁸ The current expenditure deadline date is subject to revision based upon Federal Register Notice 88 FR 44816.

Review of Timely Expenditure Policy and Staffing

Review Results

Timely expenditure policy deficiencies: The policy discussed noncompliance as related to recapture of funds and proration of funds but did not discuss how the State would ensure timely expenditure of funds. Further, the policy did not include procedures for ensuring timeliness of expenditures; specifically, for how it would track and document its expenditures and those of its subrecipients (both actual and projected reported in the performance report), how it would reprogram funds in a timely manner for activities that were stalled, and how it would project expenditures of all CDBG-DR funds within the period provided.

Staffing analysis: We did not perform a staffing analysis since this program was almost complete.

Grant Details D – New Jersey

The State of New Jersey received \$15 million to support a Regional Resiliency Planning Program to help regions and communities identify vulnerabilities to disasters. As of April 4, 2024, New Jersey had completed one of nine projects and spent 89 percent of its grant funds.

Grant number: B-13-DS-34-0002	
Grant award amount: \$15,000,000	
Grant status: active	
Total grant funds disbursed	\$13,299,465 ²⁹
Total available	\$1,700,535
Total activities	9
Activities completed	1
Activities underway	8
Activities planned	0
Grant award date	January 24, 2017
Initial expenditure deadline	September 30, 2022
Current expenditure deadline ³⁰	September 30, 2029

Sampled Project Activity Details

As part of our sample, we reviewed two of New Jersey’s nine project activities. The purpose of these two project activities involved a comprehensive planning process to identify and address vulnerabilities to increased flood risk, protection of environmental resources, and promotion of sustainable and smart growth development. As of April 2024, New Jersey had disbursed \$1.6 million (95 percent) of the \$1.7 million budgeted for these two project activities.

Summary of Program Experiences

Grantee Challenges

Funding: According to the grantee, it was hard work for the State and HUD to get to a project that they wanted to complete in the early development stages. The application funding that the State requested was much larger than the \$15 million that was awarded; therefore, the State had to evaluate the use for a fraction of the funding.

Other challenges: (1) Using the State’s procurement process because it was not quick and easy, (2) working with diverse communities across the State and trying to keep them engaged, and (3) conducting the amount of outreach that was necessary and appropriate to keep the diverse communities engaged.

²⁹ As of November 13, 2024, New Jersey had disbursed \$13,729,882 of grant funds.

³⁰ The current expenditure deadline date is subject to revision based upon Federal Register Notice 88 FR 44816.

Review of Timely Expenditure Policy and Staffing

Review Results

Timely expenditure policy deficiencies: The policy did not include how the State would track and document its expenditures and those of its subrecipients (both actual and projected reported in the performance report), how it would reprogram funds in a timely manner for activities that were stalled, and how it would project expenditures of all CDBG-DR funds within the period provided.

Staffing analysis: We did not perform a staffing analysis since the program was almost completed.

Grant Details E – California

The State of California received more than \$70 million to pilot its Community and Watershed Resilience Program for areas severely affected in the 2013 wildfires. California budgeted the funds for 13 activities that would support forest and watershed health and develop bioenergy and wood products. Of the 13 activities, 4 were completed, and 9 were underway, with 2 having 29 and 32 percent of their funds disbursed, respectively, and had been underway since May 2017 (7 years). Further, one activity had been in planned status since May 2017 with 0 percent of its funds disbursed. As of April 4, 2024, California had \$17.8 million in grant funds remaining to spend for these nine activities.

Grant number: B-13-DS-06-0001	
Grant award amount: \$70,359,459	
Grant status: active	
Total grant funds disbursed	\$52,466,664 ³¹
Total available	\$17,892,795
Total activities	13
Activities completed	4
Activities underway	8
Activities planned	1
Grant award date	January 17, 2017
Initial expenditure deadline	September 30, 2022
Current expenditure deadline ³²	September 30, 2029

Delayed Project Activity Details

Of California’s 13 project activities, it had 3 activities that had been delayed for more than 7 years. In addition, it had spent only \$6.2 million of \$19.9 million for these three activities (31 percent).

Delayed project and activity title	Original planned start date	Funds budgeted	Funds disbursed	Percentage of funds disbursed	Funds remaining
NDR Forest & Watershed Health SNC	05/30/2017	\$424,417	\$123,940	29	\$301,477
NDR Biomass Utilization Fund	05/01/2017	19,016,911	6,166,621	32	12,850,290
Biomass Utilization Fund	05/01/2017	500,000	0	0	500,000
Totals		19,941,328	6,290,561	31	13,650,767

Sampled Project Activity Details

As part of our sample, we reviewed three of California’s 13 project activities, none of which was included in the delayed project activities discussed above. The purpose of the three project activities was to build two community resilience centers, establish a forest and watershed health program, and develop a

³¹ As of November 13, 2024, California had disbursed \$65,711,769 of grant funds.

³² The current expenditure deadline date is subject to revision based upon Federal Register Notice 88 FR 44816.

Biomass Utilization Toolkit. As of April 2024, California had disbursed \$18.4 (99 percent) of the \$18.6 million budgeted for these three project activities.

Summary of Program Experiences

Grantee Challenges

Newness of the program: According to the grantee, the NDR program had a lot of firsts, including changing administrative processes because of Federal rules, such as posting contracts online or certain information on the website. Therefore, some of the State’s employees had to be reeducated about the Federal rules that must be followed.

Funding shortage: Activities were not fully funded with NDR, so the State had to be clever to ensure that it was able to build what was needed. This process involved putting some Neighborhood Stabilization Program funding into one of the community resilience centers, which added an extra burden.

Staffing: The administration was not sufficient for the NDR award because it was a new grant doing new things and was outside everyone’s “wheelhouse.” The staff was small. From the start of the program and over the years, the State had one person and support from a team in its consultant group that provided two to three people as needed and with access to specific experts. The State knew that more help was needed but did not have enough administrative funds for more staff persons.

COVID-19: The pandemic made it difficult to maintain momentum in the program, especially for the projects that were not long underway.

Other: There was a lawsuit that posed a substantial challenge, which consumed hundreds of hours of staff time and burned through several hundred thousand dollars of the State’s administrative funds early on. The State itself had complex contracting rules, and in a bureaucratic environment, it was difficult to process contracts through the system. In addition, contracting with other Federal agencies and coordinating Federal funds with a Federal entity was difficult. These complex and difficult challenges made the contracting environment tense.

Review of Timely Expenditure Policy and Staffing

Review Results

Timely expenditure policy deficiencies: None.

Staffing analysis: Although it originally planned to have two full-time staff persons, throughout the grant period, California’s NDR staff included only one full-time person who received part-time assistance from one or two other staff persons, or two or three contract consultants as needed.

Grant Details F – Connecticut

The State of Connecticut received more than \$54 million to support a pilot program of the Connecticut Connections Coastal Resilience Plan that focuses on economically isolated coastal neighborhoods. Connecticut budgeted the funds for six activities. Of the six activities, it had four underway, one completed, and one planned. Of the four activities underway, for three, it had spent less than 24 percent of its grant funds, and the projects had been underway since February 2017 (7 years). It had disbursed 84 percent of its grant funds for the remaining activity underway. As of April 4, 2024, Connecticut had more than \$34 million (62 percent) of its funds remaining to complete its activities.

Grant number: B-13-DS-09-0002	
Grant award amount: \$54,277,359	
Grant status: active	
Total grant funds disbursed	\$19,034,577 ³³
Total available	\$35,242,782
Total activities	6
Activities completed	1
Activities underway	4
Activities planned	1
Grant award date	February 08, 2017
Initial expenditure deadline	September 30, 2022
Current expenditure deadline ³⁴	September 30, 2029

Delayed Project Activity Details

Of Connecticut’s six project activities, in addition to being delayed for 7 years, the State had spent only \$9.6 million of \$42.7 million for four of the activities (22.5 percent).

Project and activity title	Original planned start date	Funds budgeted	Funds disbursed	Percentage of funds disbursed	Funds remaining
Earthen Berm	02/08/2017	\$35,796,071	\$8,076,957	23	\$27,719,114
Resilience Center	02/02/2017	1,000,000	191,071	19	808,929
University Ave	02/08/2017	5,624,000	1,150,971	22	4,113,029
Floodplain Design Guidelines	02/08/2017	330,000	0	0	330,000
Totals		42,750,071	9,419,000		32,971,072

Sampled Project Activity Details

As part of our sample, we reviewed two of Connecticut’s six project activities, of which one was completed and neither of which was included in the delayed project activities discussed above. The purpose of these two project activities included an energy feasibility plan and a regional coastal resilience

³³ As of November 13, 2024, Connecticut had disbursed \$19,137,152 of grant funds.

³⁴ The current expenditure deadline date is subject to revision based upon Federal Register Notice 88 FR 44816.

plan. As of April 2024, Connecticut had disbursed \$7.7 of \$9.1 million (84 percent) budgeted for these two project activities.

Summary of Program Experiences

Grantee Challenges

Lack of buy-in: According to the grantee, once the local government administration changed after the NDR grant was awarded, Connecticut had a difficult time obtaining the support needed from local government for grant execution. Another obstacle was a utility company. During the design phases, Connecticut worked with one utility company as a developer; however, the utility company was not interested in providing a utility gateway along the coastline for the project, and storm surge was not a priority for the utility company.

Funding shortage: When the State applied for the NDR grant, although it was the highest awarded, within the State's benefit and cost analysis, the cost was still too low because the State did not understand how long the project would take regarding the projection for construction. By the time the State was able to move to construction, it realized that there was a significant funding shortfall. Therefore, the State had to readjust its thinking and try to obtain additional funding to complete the project(s).

Staffing: There was high staff turnover. Staff changed, often with employees seeking advancement and new opportunities.

Other: Many of the developers that owned the activity properties received different guidance from past project managers regarding the project completion dates, which had come and passed.

Review of Timely Expenditure Policy and Staffing

Review Results

Timely expenditure policy deficiencies: While the policy's exhibit one had a workflow for processing invoices, which included ensuring compliance with program regulations; approved contracts; and deliverables, schedules, and budget, it did not include adequate procedures for ensuring timeliness of expenditures; specifically, reprogramming funds or how it would project expenditures.

Staffing analysis: Connecticut's NDR staff did not have a director after May 2020 and had only four staff members after February 2023. In addition, Connecticut had four main contractors and one company that had a memorandum of understanding to assist with executing the bulk of its program. However, the first contractor did not start until October 2017. These contractors also had 15 subcontractors. The delay in starting the program execution was attributable to the time it took for Connecticut and its contractors to complete the procurement process and agreement executions.

Grant Details G – Louisiana

The State of Louisiana received more than \$92 million in grant funds for resilient housing, transportation, energy, economic development efforts, and tribal community relocation initiatives under its Louisiana Strategic Adaptations for Future Environments (LA SAFE)- and Isle de Jean Charles Resettlement-funded projects. Louisiana established 18 project activities, of which 2 were completed or had disbursed at least 85 percent of their funds. The other 16 were underway, with one activity that had disbursed only 14 percent of its funds and had been underway since September 2018. As of April 4, 2024, Louisiana had more than \$9 million in grant funds remaining to complete its activities.

Grant number: B-13-DS-22-0002	
Grant award amount: \$92,629,249	
Grant status: active	
Total grant funds disbursed	\$83,331,266 ³⁵
Total available	\$9,297,983
Total activities	18
Activities completed	2
Activities underway	16
Activities planned	0
Grant award date	December 19, 2016
Initial expenditure deadline	September 30, 2022
Current expenditure deadline ³⁶	September 30, 2029

Delayed Project Activity Details

Of Louisiana’s 16 underway project activities, one of the projects was delayed for 6 years and had spent only \$755,300 of \$5.3 million budgeted (14 percent).

Project and activity title	Original planned start date	Funds budgeted	Funds disbursed	Percentage of funds disbursed	Funds remaining
Safe Haven Blue-Green Campus	09/30/2018	\$5,395,000	\$772,600	14	\$4,622,400
Totals		5,395,000	755,300		4,622,400

Sampled Project Activity Details

As part of our sample, we reviewed 5 of Louisiana’s 18 project activities, none of which was included in the delayed project activities discussed above. The purpose of these five project activities included the construction of a public facility and public improvements, educational programs, moving a community away from its highly vulnerable location, incorporating stormwater management strategies into public infrastructure projects, and flood reduction. As of April 2024, Louisiana had disbursed \$31 of \$32 million (97percent) budgeted for these five project activities.

³⁵ As of November 13, 2024, Louisiana had disbursed \$85,511,554 of grant funds. Program income received and disbursed is not included in this or the table amount.

³⁶ The current expenditure deadline date is subject to revision based upon Federal Register Notice 88 FR 44816.

Summary of Program Experiences

Grantee Challenges

Newness of the program: According to the grantee, the action plan and other things were different, which was an adjustment. The State operated within a different framework because it was a competitive process and different from the regular disaster grant programs. The grant processing and administration had different steps; therefore, the State had to work with HUD and learn the new process. In addition, a few of the subrecipients had not previously received CDBG funding. Therefore, there was increased technical assistance for those subrecipients. There were many subrecipients in the LA SAFE program and a number of different activities going on through different parts of its organization.

Lack of buy-in: One voluntary buyout project administered by one of its subrecipients in Terrebonne Parish was canceled because no one volunteered to sell his or her property. Therefore, the entire project was canceled.

COVID-19: The project activity construction work slowed down due to COVID-19 and other disasters.

Review of Timely Expenditure Policy and Staffing

Review Results

Timely expenditure policy deficiencies: The State's policy had a section for timely expenditures, but it stated only that "all funds appropriated under Public Law 113-2 must be expended by September 30, 2022. Any grant funds that have not been disbursed by September 30, 2022, will be canceled and will no longer be available for disbursement or for obligation or expenditure for any purpose. Projects that are unable to meet this deadline will be ineligible for funding." The policy did not include procedures for ensuring timeliness of expenditures; specifically, indicating how the State would track and document its expenditures and those of its subrecipients, how it would reprogram funds in a timely manner for activities that were stalled, and how it would project expenditures of all CDBG-DR funds within the period provided.

Staffing analysis: Louisiana had eight departments, including legal, environmental, program, reporting, communications, accounting, contracts, and compliance, related to the administration of the NDR program. Specifically, related to program staff, it did not have a staff when the grant agreement was executed on December 19, 2016. It did not have a staff until it hired an executive director in March 2017 and then hired more staff members in April 2017, the number of whom fluctuated between 5 and 14 between April 2017 and May 2023. By May 2023, there were only five staff members. Further, there was a lot of turnovers in management positions. For example, there were 2 different deputy executive directors, 5 different directors, and 11 different managers during the grant period.

Grant Details H – Tennessee

The State of Tennessee received more than \$44 million in grant funds to support its Rural by Nature Initiative. The initiative is a Federal, State, and local collaborative effort to create rural resilient communities along the Mississippi River. Tennessee established 10 project activities, which focused on developing integrated proposals that relied on sound science and extensive community engagement. These proposals aimed to help communities respond to climate change, save public resources, revitalize and modernize infrastructure, and improve access to opportunity for vulnerable populations. Of the 10 activities, it had disbursed more than 94 percent of its funds for 8 activities. For the remaining two, it had disbursed 78 percent for one but had disbursed only 29 percent for one that had been underway since December 2016. As of April 4, 2024, Tennessee had more than \$2 million in grant funds remaining to complete its activities.

Grant number: B-13-DS-47-0002	
Grant award amount: \$44,502,374	
Grant status: active	
Total grant funds disbursed	\$42,249,273 ³⁷
Total available	\$2,253,101
Total activities	10
Activities completed	0
Activities underway	10
Activities planned	0
Grant award date	December 27, 2016
Initial expenditure deadline	September 30, 2022
Current expenditure deadline ³⁸	September 30, 2029

Delayed Project Activity Details

Of Tennessee’s 10 project activities underway, in addition to being delayed for 8 years, it had spent only \$53,650 of \$185,000 budgeted for 1 of the activities (29 percent). During a Mississippi River flood event in 2011, an area of a rock spillway that controls summer water levels failed near lake Cold Creek Chute, an abandoned chute of the Mississippi River. Failure of the spillway structure resulted in water levels that were below normal pool elevation, which prevented the local population from accessing the lake for fishing and recreational opportunities. The project activity involved repair of the spillway to raise the water surface elevation in Cold Creek Chute to the level before the 2011 flood. The Cold Creek Chute Restoration project is slated to benefit 19,690 residents. A review of the grantee’s partnership agreement with the West Tennessee River Basin Authority (WTRBA) to complete the project activity showed that this project was supposed to be completed by March 2017. Therefore, although the project did not begin until April 4, 2017, it was scheduled to be closed out between the State and its subrecipient following their final monitoring in December 2023. According to Tennessee, this activity went out to bid twice, but the bids submitted were extremely overbudget. The WTRBA then reassessed and reevaluated the activity in 2021 for alternative solutions and determined that its initial temporary fix that was put into place 2-3 years earlier was functioning as a permanent solution; thus, the initial repair work and

³⁷ As of November 13, 2024, Tennessee had disbursed \$42,453,072 of grant funds.

³⁸ The current expenditure deadline date is subject to revision based upon Federal Register Notice 88 FR 44816.

improvements would suffice. An earlier assessment of this activity would have allowed the grantee to plan the use of these project funds more efficiently and remove the delay in completing projects.

Project and activity title	Original planned start date	Funds budgeted	Funds disbursed	Percentage of funds disbursed	Funds remaining
Cold Creek Chute Restoration	12/17/2016	\$185,000	\$53,057	29	\$131,943
Totals		185,000	53,057		131,943

Sampled Project Activity Details

As part of our sample, we reviewed 3 of Tennessee’s 10 project activities, including the delayed project activity discussed above. The purpose of the two remaining project activities was to repair gravity sewer lines and manholes and create more than 800 acres of floodplain to reduce flooding. As of April 2024, Tennessee had disbursed \$8.1 (97 percent) of the \$8.4 million budgeted for these two project activities.

Summary of Program Experiences

Grantee Challenges

Newness of program: According to the grantee, it lacked experience in writing competitive applications for HUD programs and any challenges that come from having large projects.

Review of Timely Expenditure Policy and Staffing

Review Results

Timely expenditure policy deficiencies: While the policy required monthly status reports, stated that projects delayed for 2 or more months might receive an email or phone call requesting additional information, and provided a link to HUD’s best practices to ensure timely performance, the policy did not establish procedures for the grantee, indicating how it would reprogram funds in a timely manner for activities that were stalled and how it would project expenditures of all CDBG-DR funds within the period provided.

Staffing analysis: Tennessee originally planned to have nine persons working on the NDR grant; however, as of May 2023, Tennessee had only six staff persons working on the NDR grant.

Grant Details I – Virginia

The Commonwealth of Virginia received more than \$120 million to support the Ohio Creek Watershed and the Coastal Resilience Laboratory and Accelerator Center for the purpose of installing a series of distributed green infrastructure projects. Virginia established 16 project activities, of which it had disbursed at least 94 percent of its funds for 10 activities. For the remaining six activities underway, it had disbursed between 68 and 74 percent for three activities but had disbursed 4 and 25 percent of its funds for the two activities that had been underway since March 2017 and August 2019, and one had been planned since January 2017 with 0 percent of its funds disbursed. As of April 4, 2024, Virginia had more than \$1.7 million in grant funds remaining to complete its activities.

Grant number: B-13-DS-51-0001	
Grant award amount: \$120,549,000	
Grant status: active	
Total grant funds disbursed	\$117,843,365 ³⁹
Total available	\$2,705,635
Total activities	16
Activities completed	3
Activities underway	12
Activities planned	1
Grant award date	January 18, 2017
Initial expenditure deadline	September 30, 2022
Current expenditure deadline ⁴⁰	September 30, 2029

Delayed Project Activity Details

Of Virginia's 12 underway and 1 planned project activities, in addition to being delayed for 5 and 7 years, it had spent only \$20,358 of \$122,434 for 3 of the activities (16.6 percent).

Project and activity title	Original planned start date	Funds budgeted	Funds disbursed	Percentage of funds disbursed	Funds remaining
Parcel Level Education Program	08/01/2019	\$25,000	\$954	4	\$24,046
NDR-RISE Planning	03/01/2017	77,434	9,587	25	57,848
Rise Program Income	01/17/2017	20,000	0	0	20,000
Totals		122,434	20,540		10,894

Sampled Project Activity Details

As part of our sample, we reviewed 5 of Virginia's 16 project activities, including the delayed Parcel Level Education Program project activity discussed above. The purpose of the other four activities included creating planning strategies for flood reduction, creating resiliency through a business loan program,

³⁹ As of November 13, 2024, Virginia had disbursed \$118,770,304 of grant funds.

⁴⁰ The current expenditure deadline date is subject to revision based upon Federal Register Notice 88 FR 44816.

providing training and capital for business development, and creating space and laboratories for a business operation. As of April 2024, Virginia had disbursed \$17.8 million (86 percent) of the \$20.8 million in funds budgeted for these four project activities.

Summary of Program Experiences

Grantee Challenges

Newness of the program: According to the grantee, the grant was different from the conventional way of doing things.

Review of Timely Expenditure Policy and Staffing

Review Results

Timely expenditure policy deficiencies: The policy did not include how the State would track and document its expenditures and those of its subrecipients, how it would reprogram funds in a timely manner for activities that were stalled, and how it would project expenditures of all CDBG-DR funds within the period provided.

Staffing analysis: Virginia did not have an associate director of housing after April 2022 or resiliency program manager after November 2022. An assistant director was hired in January 2022. The staff also did not have a grants financial services specialist between August 2019 and April 2021. In addition, there was no consultant between January 2017 and September 2020.

Grant Details J – New York City

New York City received more than \$176 million for the Lower Manhattan Project and Connect Project, which will construct a coastal protection system for entities vulnerable to storm surge and flooding. New York City had established four project activities. It had disbursed at least 95 percent of its funds for three of the activities, which were underway. For the remaining project activity, which had been underway since January 2017, it had disbursed only 10 percent of its funds. As of April 4, 2024, New York City had more than \$154 million in grant funds remaining to complete its activities.

Grant number: B-13-MS-36-0002	
Grant award amount: \$176,000,000	
Grant status: active	
Total grant funds disbursed	\$21,359,135 ⁴¹
Total available	\$154,640,865
Total activities	4
Activities completed	0
Activities underway	4
Activities planned	0
Grant award date	January 24, 2017
Initial expenditure deadline	September 30, 2022
Current expenditure deadline ⁴²	September 30, 2029

Delayed Project Activity Details

Of New York City’s four project activities underway, in addition to being delayed for 7 years, it had spent only \$18 million of \$172 million budgeted for one of the activities (10 percent). New York City’s main project activity, the Brooklyn Bridge-Montgomery Coastal Resiliency project, is designed to install a combination of flood walls and deployable flip-up barriers for reducing the risk of flooding from sea level rise and storm surge for thousands of residents, while also maintaining access and visibility to the waterfront. The project is slated to benefit 11,410 residents but had made slow to no progress, even though the project started on January 24, 2017. According to the City, it did not begin construction until February 6, 2023, because of contributing factors, such as the necessary coordination among multiple implementing agencies, multiple requests by contractors for bid opening postponements, hundreds of requests for information received from contractors for the project, and suspension of design work due to COVID-19. This delay left the City’s projected beneficiaries susceptible to being impacted by later flood events. Since 2017, the project activity area experienced significant rain events in September 2021 and September 2023, which caused major flooding and damage due to the drainage system’s being overwhelmed and resulted in deaths. The completion of this project could have helped to alleviate or assist with some of that drainage. In addition, a flood factor report showed that the areas benefiting from the NDR projects have an extreme risk of flooding over the next 30 years. In addition to property damage, flooding can cut off access to utilities, emergency services, and transportation and may impact the overall economic well-being of an area. In January 2024, the City estimated that the project construction would be completed in October 2026 and that it would make the final request for

⁴¹ As of November 13, 2024, New York City had disbursed \$21,914,484 of grant funds.

⁴² The current expenditure deadline date is subject to revision based upon Federal Register Notice 88 FR 44816.

disbursement of grant funds in December 2026. If the City is unable to complete this project sooner, its beneficiaries will continue to be highly susceptible to significant damage from rain and flooding.

Project and activity title	Original planned start date	Funds budgeted	Funds disbursed	Percentage of funds disbursed	Funds remaining
Brooklyn Bridge Montgomery Coastal	01/24/2017	\$172,000,000	\$18,024,521	10	\$153,975,479
Totals		172,000,000	18,024,521		153,975,479

Sampled Project Activity Details

As part of our sample, we reviewed two of New York City’s four project activities, including the delayed project activity discussed above. The purpose of the remaining project activity was to redevelop a school playground in the project area as a green infrastructure playground, of which, as of April 2024, New York City had disbursed 100 percent of the more than \$1 million budgeted for this one project activity.

Summary of Program Experiences

Grantee Challenges

COVID-19: According to the grantee, during the pandemic, the number of staff members administering the grant shrank. There was significant staff loss between 2020 and 2022, and the City rebuilt the team in 2022. The lowest number of disaster recovery staff members the City had for about 2 months was one person. At that time, the four or five remaining team members had resigned.

Other: The scheduling of funds was challenging because of the original grant expenditure deadline of September 2022. In referring to the Brooklyn Bridge Montgomery Coastal Resilience project, spending the funds within that deadline was aggressive and challenging because the City was building a flood reduction system under a major thoroughfare.

Review of Timely Expenditure Policy and Staffing

Review Results

Timely expenditure policy deficiencies: This grantee had policies indicating how it would track and document its expenditures and those of its subrecipients, and it would project expenditures of all CDBG-DR funds within the period provided. However, it did not state how it would reprogram funds in a timely manner for activities that were stalled.

Staffing analysis: New York City’s staff decreased from 32 to 19 between 2016 and 2023. During that period, it also had large fluctuations in its staff and departments. For example, for 2021, it had a drastic decrease in available staff, with 16 of 29 staff positions vacant. In addition, it no longer had a CDBG disaster recovery assistant director, a Reporting-Systems Management Unit, or an Environmental Review Unit. By 2023, its staff positions available had decreased to 19 with 1 vacancy. It no longer had the Program and Closeout, Stimulus Strategic Planning, Stimulus Policy & Program, and the Compliance and Monitoring Units.

Grant Details K – Minot, ND

The City of Minot received more than \$74 million to address climate change and recent upstream development that increased the risk of frequent flooding, which included three integrated projects to reduce flood risk and improve water management. Minot established 16 project activities and had completed or disbursed at least 92 percent of funds for 15. For the remaining activity underway, it had disbursed only 3 percent of its grant funds. As of April 4, 2024, Minot had more than \$2 million in grant funds remaining to complete its activities.

Grant number: B-13-MS-38-0002	
Grant award amount: \$74,340,770	
Grant status: active	
Total grant funds disbursed	\$71,448,157 ⁴³
Total available	\$2,892,613
Total activities	16
Activities completed	5
Activities underway	11
Activities planned	0
Grant award date	September 21, 2016
Initial expenditure deadline	September 30, 2022
Current expenditure deadline ⁴⁴	September 30, 2029

Delayed Project Activity Details

Of Minot’s 11 project activities underway, one activity was delayed for 8 years, and it had spent only \$10,639 of \$357,625 budgeted for the activities (3 percent).

Project and activity title	Original planned start date	Funds budgeted	Funds disbursed	Percentage of funds disbursed	Funds remaining
Ecological Restoration in Flood Storage	09/19/2016	\$357,625	\$11,004	3	\$346,521
Totals		357,625	1,004		346,521

Sampled Project Activity Details

As part of our sample, we reviewed 4 of the City of Minot’s 16 project activities, none of which was included in the delayed project activities discussed above. The purpose of these four activities included reducing flood risk to the community, relocation of tenants and homeowners following acquisition of properties in a flood-inundated area, relocation of its City Hall operations, and benefit-cost analysis for economic decision-making models. As of April 2024, the City of Minot had disbursed \$11.2 million (94 percent) of the \$11.9 million budgeted for these four project activities.

⁴³ As of November 13, 2024, the City of Minot had disbursed \$71,716,358 of grant funds. Program income received and disbursed is not included in this or the table amount.

⁴⁴ The current expenditure deadline date is subject to revision based upon Federal Register Notice 88 FR 44816.

Summary of Program Experiences

Grantee Challenges

Staffing: According to the grantee, many retirements and resignations, coupled with a gradual progression of staff moving on, created challenges with finding individuals with program knowledge.

COVID-19: Obtaining supplies from the construction supply chain was a challenge due to the pandemic, which delayed project activity progress.

Other: The City of Minot had extremely cold weather in the winters with subzero temperatures that prevented construction progress. Some major snowstorms occurred in May when one would anticipate construction.

Review of Timely Expenditure Policy and Staffing

Review Results

Timely expenditure policy deficiencies: None.

Staffing analysis: Minot had staffing issues. For example, its NDR department had only one staff member from September 2016 through May 2017. There was no grant manager after July 2021 and no assistant grant manager after August 2022. There was only one staff member between September 2022 and October 2022. There was no staff from November 2022 through March 2023.

Grant Details L – Shelby County, TN

Shelby County, TN, received more than \$60 million for the Greenprint for Resilience Project to build a network of green infrastructure projects to increase resilience to flooding. Shelby County established 20 project activities, 7 of which had completed or disbursed at least 92 percent of its funds. For the remaining 13, Shelby County had 10 in which it had disbursed only between 0 and 33 percent of its funds. These projects had been underway since September 2017 (one), April 2019 (one), September 2019 (seven), and November 2019 (one). Shelby County had disbursed 53, 65, and 70 percent of its funds for the remaining three project activities. As of April 4, 2024, Minot had more than \$2.6 million in grant funds remaining to complete its activities.

Grant number: B-13-US-47-0002	
Grant award amount: \$60,445,163	
Grant status: active	
Total grant funds disbursed	\$31,474,396 ⁴⁵
Total available	\$28,970,767
Total activities	20
Activities completed	2
Activities underway	18
Activities planned	0
Grant award date	December 21, 2016
Initial expenditure deadline	September 30, 2022
Current expenditure deadline ⁴⁶	September 30, 2029

Delayed Project Activity Details

Of Shelby County’s 18 project activities underway, in addition to being delayed for 4 to 7 years, it had spent only \$2.8 million of the \$21.2 million budgeted for 10 of the activities (11.6 percent). Shelby County had disbursed 0 percent of its funds for four project activities. The first project was for the construction of a neighborhood development and 16,000 linear feet of green public improvement, including vacant lots, to remove blight and help knit together the physical environment of the community to increase property value and provide benefits from flood mitigation to food production and retail. According to Shelby County, the project underwent three major design alterations due to real estate challenges, and contractors walked off the job, resulting in delays.

The other three delayed projects, including the recreational facilities, bridge modifications, and tree planting projects, are three parts of the six-part Big Creek Wetland and Recreation area project that experienced delays.

- The recreational facilities project is slated to create one nonresidential building and four linear miles of public improvement along the Big Creek floodway. Because the supporting infrastructure needed to start the recreational facilities had to be constructed first and was delayed, the construction of the recreational facilities was also delayed. Due to delays, beneficiaries of the program will not receive the maximum benefits of the project activity as part

⁴⁵ As of November 13, 2024, Shelby County had disbursed \$37,776,657 of grant funds.

⁴⁶ The current expenditure deadline date is subject to revision based upon Federal Register Notice 88 FR 44816.

of the community benefits through connectivity of greenway trails, walking paths, multipurpose fields, and other recreational amenities.

- The bridge modification project is slated to build four bridges that will remove the restrictions to flood waters and directly benefit the Millington area, connecting the residents to the Big Creek facilities. These bridges offer the benefit of communities’ connecting, while also beautifying the area, giving residents a sense of pride and connection. The project will also alleviate the barriers faced when pathways are restricted by flood waters and cut down on air pollution caused by residents’ having to travel by car or bus to obtain access to other low- to moderate-income communities. Since the bridge modification project is included in the scope of work and bidding of the recreational facilities project discussed above and the recreational facilities projects have been delayed, the bridge modifications project is also delayed, creating a trickledown effect. The delays leave beneficiaries in limbo, waiting for bridges to be built over areas prone to flooding.
- The tree planting project is slated to accomplish 80,000 linear feet of green public improvement. This includes the replanting of new tree canopy of 40 trees per acre to ensure that no net loss occurs to the tree canopy due to work in the floodplain. The County stated that the trees that were marked for excavation were able to be saved and no areas within the project exist for additional mass tree planting; therefore, no work was performed for this activity, and its funds will be transferred to infrastructure. However, while Shelby County stated that no work was performed for this activity and funds would be transferred under another project activity, this project activity was classified as “underway” in HUD’s reporting system.

Project and activity title	Original planned start date	Funds budgeted	Funds disbursed	Percentage of funds disbursed	Funds remaining
Flood Mitigation-Stormwater	09/01/2019	\$2,038,736	\$27,900	1	\$2,010,836
Program Capital Costs	09/01/2019	450,000	0	0	450,000
Property Acquisitions	11/15/2019	1,901,678	6272,486	33	1,279,192
New Housing Development	11/15/2019	1,512,500	0	0	1,512,500
Orchi Road Complete Street	04/01/2019	471,459	0	0	471,459
Infrastructure	09/01/2019	1,320,500	0	0	1,320,500
Recreational Facilities	09/01/2019	5,236,797	0	0	,236,797
Wolf River Greenway	09/01/2017	9,000,000	2,125,506	24	6,874,494
Bridge Modifications	09/01/2019	1,953,027	0	0	1,953,027
Tree Planting	01/01/2017	125,000	0	0	125,000
Totals		24,009,697	2,775,892		21,233,805

Sampled Project Activity Details

As part of our sample, we reviewed 6 of Shelby County’s 20 project activities, which included the 4 (Infrastructure, Recreational Facilities, Bridge Modifications, and Tree Planting) delayed projects discussed above. The purpose of the remaining two projects activities included resilience planning and the reconstruction of a park. As of April 2024, Shelby County had disbursed \$2.4 million (76 percent) of the \$3.2 million budgeted for these two project activities.

Summary of Program Experiences

Grantee Challenges

Staffing: According to the grantee, the entire staff turned over. Its grant management team was reduced during the pandemic to ensure that the administration activity funds could be extended beyond the original grant deadline, and many of the construction activities were delayed.

COVID-19: COVID-19 caused a spike in contract costs.

Other: One contractor walked off the project activity job.

Review of Timely Expenditure Policy and Staffing

Review Results

Timely expenditure policy deficiencies: The policies provided were not specific to NDR and covered only the citizen participation plan and departmental policies and procedures related to financial procedures. The policies did not include procedures for ensuring timeliness of expenditures.

Staffing analysis: Shelby County’s grant management team started with three staff members but had a high turnover. The staff increased by one in September 2017, but after March 3, 2019, it did not have a grant coordinator. By September 2020, it had only two staff members from September 2020 through June 2021 and one staff member from July 2021 to October 2021. From November 2021 through October 2022 the staff size increased, but there were only two staff members.

Scope and Methodology

We performed our audit offsite within our HUD, Office of Inspector General (OIG), offices located in Baton Rouge, LA, New Orleans, LA, and Houston, TX, from June 2023 through May 2024. Our audit scope covered the CDBG-NDR grant project activities from January 2016 through May 2023. We expanded our scope to April 2024 to include updated grant activity; more specifically, grant disbursements and projects' status progress as of April 2024. We also expanded our scope to include only updated grant disbursements as of November 2024.

To accomplish our objective, we

- Reviewed relevant laws, regulations, and program guidance.
- Reviewed the grant agreements between HUD and the 12 NDR grantees,⁴⁷ with grant award dates ranging from October 2016 to February 2017.
- Reviewed HUD's available monitoring reports for the 12 NDR grantees covering January 2016 to September 2023.
- Reviewed grantees' organizational structure, application submissions, and written policies for the NDR program.
- Reviewed grant certifications between HUD and the 12 NDR grantees.
- Reviewed 12 grantees' action plans, action plan amendments, and action plan checklists as applicable.
- Reviewed 48 project activities for 12 grantees.
- Reviewed HUD's Grants Management Portal - Monitoring system for available monitoring reports on the 12 grantees.
- Reviewed HUD's DRGR system's quarterly performance reports, quarterly performance report checklists, performance measure reports, accomplishments reports, grant financial summary reports, and slow spender reports.
- Interviewed HUD and grantee officials to obtain an understanding of the 12 grantees' NDR program's projects, processes, procedures, and clarification on certain documentation.

For the 12 grantees' NDR program project activity file review, from a universe of 161 project activities with budgets totaling more than \$827 million and disbursements totaling more than \$502.5 million that were classified as completed, underway, or planned as of March 7, 2023, we selected a stratified statistical random sample of 48 project activities for our review. We used the stratified statistical random sampling method because we wanted to select project activities without bias from the audit population. This method also allowed us to make mathematically defensible projections on how often the NDR program grantees could not accomplish their project activity goals outlined in their action plans by the established deadlines if identified. Projecting on other potential issues would have required a 100 percent review, which we determined was not feasible. We reviewed the project activity files' action plans and amendments, quarterly performance reports, and supporting file status and completion

⁴⁷ California, Connecticut, Iowa, Louisiana, City of Minot, New Jersey, New York City, New York, Springfield, Shelby County, TN, and Virginia. We did not include City of New Orleans projects and activities because it was reviewed as part of a separate audit (2024-FW-1002, issued March 11, 2024).

documentation for performance measures, accomplishments, and beneficiaries to determine whether HUD's NDR grantees accomplished or can accomplish the goals of the activities outlined in its action plan.

We also performed an overall data analysis of the universe of project activities, using updated universe data as of April 4, 2024,⁴⁸ to determine the status of the program overall and whether there were any overarching concerns. Specifically, we analyzed overall (1) the 12 grantees' administrative fund project activities to determine whether the grantees' administrative funds exceeded the 5 percent allotted or were disproportionate in comparison to their total expenditures for the program; (2) how many projects had a completed, underway, and planned activity status; (3) the percentage of funds disbursed for each project activity; (4) the number of projected years to complete each project based on the activities projected completion date; and (5) the number of projects that had 100 percent of their funds disbursed but showing an "underway" project activity status.

Through the file reviews, we assessed the reliability of HUD's computer-processed data from the DRGR system regarding the 12 grantees' project activity start dates, end dates, budgets, disbursements, and project statuses and determined that the data were generally reliable.

We also obtained the updated grant disbursement data for the 12 grantees as of November 13, 2024. Since we only obtained the updated overall grant disbursement amounts, we did not assess the reliability of HUD's computer-processed data from the DRGR system regarding the 12 grantees' disbursement data.


We conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective(s). We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

⁴⁸ The total number of projects from the March 7, 2023, universe was 161. However, the project total as of April 4, 2024, was 158 with a budget totaling \$827,167,578 and disbursements totaling \$576,193,352. A comparison of both data sets determined that three projects were removed from the original data set, resulting in a difference in project totals. These three projects' project statuses had been updated to "canceled." Two of these projects were in our sample of 48 projects.

Appendix

Appendix A – Auditee Comments and OIG’s Evaluation

Ref to OIG Evaluation – Auditee Comments



OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

MEMORANDUM FOR: Kilah S. White, Assistant Inspector General for Audit, Office of Inspector General, GA

FROM: TENNILLE PARKER
Digital signed by: TENNILLE PARKER
DN: cn=TENNILLE PARKER, o=USDOH
U.S. Government OU=Department of
Housing and Urban Development, Office of
Community Planning and Development,
Date: 2022.01.10 09:52:23 -0500

SUBJECT: HUD Comments for OIG Draft Audit Report – *National Disaster Resilience Program Grantees Can Accomplish the Goals of the Program, but Some Grantees Experienced Challenges*

The Office of Community Planning and Development (CPD) has reviewed the draft audit report entitled *National Disaster Resilience Program Grantees Can Accomplish the Goals of the Program, but Some Grantees Experienced Challenges*, of 12 grantees that received funds under the Community Development Block Grant National Disaster Resilience (CDBG-NDR) grant. CPD offers the following comments on the draft audit report for consideration.

The HUD Office of Inspector General (OIG) conducted a review of the project activity status for 12 CDBG-NDR grantees. The OIG reviewed whether grantees accomplished or can accomplish the activities outlined in their action plans. The OIG draft report indicated that the grantees, generally, can complete project activities, but have experienced challenges. The OIG has also concluded that HUD could improve its oversight of CDBG-NDR grantees.

Generally, CPD agrees with the OIG regarding the recommendations concerning the 12 CDBG-NDR grantees reviewed, with a few concerns. The Office of Disaster Recovery (ODR) has made progress in implementing several recommendations discussed in the above-referenced draft report throughout the last fiscal year. HUD is, however, concerned with the recommendation offered to replace any approved CDBG-NDR activities as this may require a re-scoring of any newly proposed activities and further delay implementation of activities. HUD is also concerned with footnotes 20 and 21 on page 10 of the draft audit report that refer to HUD extending expenditure deadlines without specifying that Congress extended the expenditure deadlines.

The discussion below includes CPD’s comments on the specific OIG Recommendations:

OIG Finding 1: National Disaster Resilience Program grantees can accomplish the goals of the program, but some grantees experienced challenges.

OIG Recommendation 1A: Work with Connecticut and Shelby County to fully realize the program benefits by (1) assessing whether any of the current project activities need to be replaced with more viable project activities, thereby ensuring that any modifications to the project activities will lessen the susceptibility of rain and flood events; (2) assessing whether administrative funds have been properly allocated and charged to identify any possible cost savings; (3) determining

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 **Comment 1 >**

Ref to OIG Evaluation – Auditee Comments

Comment 2 >

whether enough administrative funds or other available funds exist to complete the administration of the grant project activities; and (4) developing and implementing a written plan of action that will assist with expediting the project activities that could reasonably be expected to be completed by the September 30, 2029, deadline.

HUD Comment: HUD generally agrees with this recommendation but reserves judgment on subitem one (1) of the recommendation. As National Disaster Resilience funding was awarded on a competitively scored and project-specific basis, ODR will be seeking a legal opinion on the question of whether a re-scoring of any newly proposed potential projects must take place. If this is required, the ODR may not be able to implement subitem one (1) of this recommendation.

OIG Recommendation 1B: Conduct onsite or remote monitoring for the city of Minot and Tennessee, which have not had any monitoring since grant inception, to ensure that these grantees are on track to meet their program goals.

Comment 3 >

HUD Comment: HUD generally agrees with this recommendation. HUD notes that the city of Minot was monitored in October 2024 and the final publication of the monitoring report is imminent.

OIG Recommendation 1C: For grantees with delayed project activities (California, Connecticut, Louisiana, Tennessee, Virginia, New York City, Minot, and Shelby County), require each grantee to provide a detailed timeline with milestone dates of when projects will be completed and provide updates to ensure that grantees stay on schedule.

Comment 4 >

HUD Comment: HUD generally agrees with this recommendation. However, historically these projects have presented unique circumstances, beyond regulatory challenges and outside of the grantee's control, that have made it difficult for some grantees to remain on schedule. For example, the COVID-19 pandemic caused supply chain and labor disruptions globally. Grantees had little to no control over these delays and the repercussions included increased costs and extended deadlines.

Through these challenges, the State of California has completed two of its NDR projects while on-target to complete its final project in 2025. This is well ahead of the expenditure deadline of September 30, 2029. Similarly, the city of Minot, while having experienced external factor delays, is slated to close out the NDR grant in 2025 as well. Additionally, while the State of Louisiana has experienced some delays, it has expended 93 percent of its total grant or approximately \$86.2 million. With only \$6.4 million left to expend, the State of Louisiana is on pace to close out its NDR grant well in advance of the September 30, 2029, expenditure deadline.

HUD requests the OIG to reframe this recommendation to allow for grantees and HUD to make on-going and proactive adjustments to schedules to adapt to unforeseen challenges.

OIG Recommendation 1D: Revise the action plan and quarterly performance review checklists to format that more specifically and directly addresses the subject program.

Comment 5 >

HUD Comment: HUD generally agrees with this recommendation. In 2024, ODR has undertaken the review of QPR and action plan checklists to improve oversight of all CDBG-DR grantees.

Ref to OIG Evaluation – Auditee Comments

 **Comment 6 >**

3

These checklists have been defined to focus grant managers on metrics that determine if a grantee is not timely on expenditure and beneficiary outcome goals.

OIG Recommendation 1E: Require grantees to provide documentation showing that they have upfront collaboration with partnering entities in executing the grant program. If the grantee plans to hire contractors, HUD should ensure that grantees have a plan to quickly onboard contractors early in the program.

HUD Comment: HUD has made several revisions to CDBG-DR requirements since the CDBG-NDR grant's inception. Grantees must describe how they will distribute CDBG-DR funds in its Action Plan, including how they will use subrecipients and other partners to carryout activities to execute the grant. Furthermore, since 2017, Congress has included statutory requirements that HUD certify that grantee's have proficient financial controls and procurement processes prior to grant execution. Grantees are required to submit certification documentation to HUD that demonstrates they have adequate procurement policies and procedures and a capacity assessment and staffing analysis at the forefront of the grant life cycle. Therefore, HUD believes it has already implemented the this recommendation for all CDBG-DR grant awards since 2017.

Should you have any questions regarding these draft audit report comments, please do not hesitate to contact me or Ms. Shantelle C. Dale at Shantelle.C.Dell@hud.gov.

OIG Evaluation of Auditee Comments

Comment 1 HUD generally agreed with the OIG regarding the recommendations, with a few concerns, and stated that it has made progress in implementing several recommendations discussed in the draft report throughout the last fiscal year. HUD stated that it is, however, concerned with the recommendation offered to replace any approved CDBG-NDR activities as this may require a re-scoring of any newly proposed activities and further delay implementation of activities. HUD is also concerned with footnotes 20 and 21 on page 10 of the draft audit report that refer to HUD extending expenditure deadlines without specifying that Congress extended the expenditure deadlines.

We acknowledge HUD for taking steps towards implementing actions that address some of the issues identified in the report. Comment 2 below addresses HUD concern regarding replacing any approved CDBG-NDR activities. We revised footnotes 20 and 21 to include additional verbiage that addresses HUD's concern.

Comment 2 HUD generally agreed with recommendation 1A but reserves judgment related to assessing whether Connecticut or Shelby County's current projects need to be replaced with more viable project activities. As National Disaster Resilience funding was awarded on a competitively scored and project-specific basis, HUD stated that it will be seeking a legal opinion on the question of whether a re-scoring of any newly proposed potential projects must take place. If this is required, HUD may not be able to implement this part of the recommendation.

We acknowledge HUD's concern and will work with them during the audit resolution process to determine the appropriate course of action based on the legal opinion.

Comment 3 HUD generally agreed with recommendation 1B.

We appreciate HUD agreeing to monitor Tennessee and acknowledge its monitoring of the City of Minot in October 2024. We will work with HUD during the audit resolution process to ensure that HUD completes its monitoring and communicates those results to the grantees to ensure satisfactory grant performance.

Comment 4 HUD generally agreed with recommendation 1C. However, it stated that historically these projects have presented unique circumstances, beyond regulatory challenges and outside of the grantee's control, that have made it difficult for some grantees to remain on schedule. HUD requested that OIG reframe this recommendation to allow for grantees and HUD to make on-going and proactive adjustments to schedules to adapt to unforeseen challenges.

We acknowledge that as part of HUD's grantee oversight role, it will need to make on-going and proactive adjustments to timelines and milestones to address

unforeseen challenges, while also minimizing further delays to the projects. Therefore, we made a slight revision to the recommendation.

Comment 5

HUD generally agreed with recommendation 1D and stated that in 2024, it has undertaken the review of QPR and action plan checklists to improve oversight of all CDBG-DR grantees. These checklists have been defined to focus grant managers on metrics that determine if a grantee is not timely on expenditure and beneficiary outcome goals.

While HUD did not provide the updated QPR and action plan checklist with its response, we acknowledge HUD for taking steps towards improving the oversight of all CDBG-DR grantees. We will work with HUD during the audit resolution process to ensure that the recommendation is fully addressed.

Comment 6

For recommendation 1E, HUD provided examples of several revisions to CDBG-DR requirements since the CDBG-NDR grant's inception. Therefore, HUD believes that it has already implemented this recommendation for all CDBG-DR grant awards since 2017.

While we acknowledge HUD's actions since 2017, these actions do not address the recommended actions in recommendation 1E. We believe that HUD should implement additional controls to ensure that grantees can quickly execute their grant activities, based upon the issues identified in the report. By requiring grantees to provide documentation showing that they have (1) upfront collaboration with partnering entities in executing the grant program, and (2) plans to quickly onboard contractors early in the program, grantees can have more success with completing their program activities within the established timeframes. We will work with HUD during the audit resolution process to ensure that the recommendation is fully addressed.