



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

# Five Non-State Grantees Are on Track To Complete Eligible Activities by Grant Closeout

Audit Report Number: 2025-FW-0002

March 13, 2025

To: Kathleen Burke  
Associate Deputy Assistant Secretary for Field Operations, DO

*//signed//*  
From: Kilah S. White  
Assistant Inspector General for Audit, Office of Inspector General, GA

Subject: Five Non-State Grantees Are on Track To Complete Eligible Activities by Grant Closeout

Attached is the U.S. Department of Housing and Urban Development (HUD), Office of Inspector General's (OIG) final results of our audit of direct non-State grantees' use of Community Development Block Grant Disaster Recovery grant funds.

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

### Non-State Disaster Recovery Grantees Are on Track To Complete Eligible Activities by Grant Closeout | 2025-FW-0002

#### What We Audited and Why

The U.S. Department of Housing and Urban Development (HUD) administers billions in presidentially declared disaster recovery grants through its Community Development Block Grant Disaster Recovery program. We audited five non-State grantees to assess whether they are on track to spend their remaining grant funds on eligible activities that benefit program participants within a reasonable amount of time. We also wanted to determine what factors, if any, impacted the grantees' ability to spend their funds in a timely manner. These grantees, which include cities, counties and parishes, received grant funds for a variety of disasters occurring from 2011 through 2015, and are still in the process of executing their approved action plans. HUD considered the five grantees to be "slow spenders" at the beginning of our audit.

#### What We Found

The five grantees are on track to complete eligible activities and spend their remaining funds by grant closeout. As of May 2, 2024, four of the five grantees had obligated all of their grant funds, and the fifth grantee was approved by HUD in February 2024 to obligate its remaining funds. Although, as of January 1, 2024, HUD had designated four of the five grantees as slow spenders, it appears all five grantees will complete their planned activities and ultimately assist program beneficiaries. Grantees either had fully completed planned activities or were on track to complete them, this primarily due to HUD-approved extensions to expenditure or grant closeout deadlines, which allowed grantees to complete planned activities beyond the original estimated completion dates. However, the grantees will have taken from 7 to 14 years from the date on which they signed their respective grant agreements with HUD to complete their action plans and expend all of their grant funds to address their disaster recovery needs, including restoration or replacement of damaged properties and infrastructure. All grantees cited challenges in completing projects and spending their disaster recovery funds in a timely manner, such as the coronavirus disease 2019 pandemic, staffing, and disaster recovery grant administration requirements.

#### What We Recommend

We are not making recommendations in this report.

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## Background and Objective

Congress appropriates supplemental funding using HUD’s Community Development Fund for disaster recovery<sup>1</sup> in response to presidentially declared disasters under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Immediately following a disaster, the Federal Emergency Management Agency (FEMA), the U.S. Small Business Administration, and other government agencies offer initial assistance. After these avenues of assistance have been exhausted, HUD provides funding to grantees to address these communities’ remaining disaster recovery unmet needs.

Generally, HUD’s Office of Disaster Recovery (ODR) has oversight responsibility for disaster grants totaling \$500 million or more, many of which are awarded to State grantees. HUD local field offices are responsible for oversight of the remaining disaster grants, which include many non-State grants (such as grants awarded to counties, parishes, cities, and other localities). This responsibility is in addition to the field offices’ daily obligation to oversee other Office of Community Planning and Development (CPD) grants. Our audit included reviewing five non-State disaster recovery grants, which are managed by five HUD local field offices, to determine if they are on track to spend their remaining grant funds on eligible activities that benefit program participants within a reasonable amount of time and determine what factors, if any, impacted the grantees’ ability to spend their funds in a timely manner. (See table 1.) We selected these five grantees based on factors such as (1) HUD’s classification as a “slow spender”<sup>2</sup> at some point during the grant life cycle, and (2) if the local HUD field office had oversight responsibility for the grantee.

**Table 1. HUD field office, grant number, date, and amount**

Grantee	HUD field office	Grant number	Grant date
Columbia, SC	Columbia, SC	B-16-MH-45-0001	01/26/2017
Cook County, IL	Chicago, IL	B-13-US-17-0001	07/02/2014
Orange County, NY	New York City, NY	B-12-UT-36-0001	08/10/2012
St. Tammany Parish, LA	New Orleans, LA	B-13-US-22-0002	03/13/2014
Tuscaloosa, AL	Birmingham, AL	B-12-MT-01-0002	07/16/2012

Disaster recovery grants must be used in accordance with applicable Federal requirements, including spending the grant funds within specified expenditure deadlines, which are established in Federal Register notices.<sup>3</sup> HUD requires each grantee to comply with the Federal Register notice that allocated

<sup>1</sup> Funding is authorized under Title I of the Housing and Community Development Act of 1974, as amended. Communities can include States, cities, units of general local government, Indian tribes, and other entities.

<sup>2</sup> HUD determines whether a grantee is on pace or a slow spender by comparing the average last 3 months’ disbursements to the expected monthly pace. It publishes a monthly CDBG-DR grant financial report with each grant’s spending status (also referred to as expenditure reports). These monthly reports show whether HUD considers the grant to be “on pace” or a “slow spender.”

<sup>3</sup> After Congress appropriates disaster recovery funding, HUD allocates the funding to grantees through Federal Register notices. A Federal Register notice establishes and extends the expenditure deadlines for the grants.

the funds and additional Federal Register notices that may be issued later, which can modify the requirements. HUD uses the Community Development Block Grant (CDBG) program as a general framework for disaster recovery. However, the disaster recovery grants often have different program requirements outlined in the applicable Federal Register notices. Further, many Federal Register notices allow HUD waiver authority, including the ability to extend the period of performance or expenditure deadline. In its January 8, 2025, Federal Register notice, HUD issued its “Universal Notice,” combining and updating requirements from several different notices that govern disaster recovery funds. HUD must continue to issue notice guidance to grantees for each supplemental disaster appropriation. These additional notices may include alternative waivers and requirements that make changes to language in the Universal Notice

Disaster recovery grantees often receive much more in funding to respond to catastrophic events than they receive annually under their regular block grants. For instance, the five non-State disaster recovery grants totaled about 7 to 25 times the amount of the grantees’ fiscal year 2023 annual formula block grant, and the grantees received an average of \$26.7 million more in disaster recovery funds than from the annual formula grants. (See table 2.)

**Table 2. Amount and multiples CDBG-DR grant amounts exceed annual CDBG formula allocations**

Grantee	CDBG-DR grant amount	CDBG FY 2023 formula grant amount	Multiples CDBG-DR grant exceeds CDBG formula grant
Columbia, SC	\$26,155,000	\$ 1,025,943	25.49
Cook County, IL	83,616,000	10,251,381	8.16
Orange County, NY	11,422,029	1,680,965	6.79
St. Tammany Parish, LA	10,914,916	1,262,960	8.64
Tuscaloosa, AL	16,634,702	827,655	20.10
Totals-average times exceeded	148,742,647	15,048,904	13.84

Our audit objective was to assess whether selected disaster grantees have viable plans to spend their remaining grant funds on eligible activities that benefit program participants within a reasonable amount of time and determine what factors, if any, impacted the grantees’ ability to spend their funds in a timely manner.

## Results of Audit

### Non-State Disaster Recovery Grantees Are on Track To Complete Eligible Activities by Grant Closeout

The five non-State disaster recovery grantees reviewed are on track to complete eligible disaster recovery activities and spend all of their funding by grant closeout. As of May 2, 2024, four of the five grantees had obligated 100 percent and spent more than 62 percent of their grant funds. The remaining grantee had obligated 36 percent and spent 33 percent of its grant funds.

All grantees experienced some challenges during program execution, which delayed them in accomplishing some of their planned activities. For Columbia, Cook County, and St. Tammany Parish, HUD provided extensions for expenditure deadlines or grant closeouts to allow the grantees to complete their planned activities. Grantees either had fully completed planned activities or were on track to complete them, primarily due to HUD-approved extensions to expenditure or grant closeout deadlines which allowed grantees to complete planned activities beyond the original estimated completion dates. These extensions delayed the full benefit of assistance to program participants and communities impacted by severe disasters several years beyond the original intention of the grant.

### Grantees Progressed in Spending Their Disaster Recovery Grant Funds

As of May 2, 2024, four of the five grantees<sup>4</sup> had obligated 100 percent and spent more than 62 percent of their disaster recovery grant funds. The five grantees spent a combined \$119 million of the total allocated \$149 million in disaster funds (80 percent). (See table 3.)

**Table 3. Grant amounts, obligations, remaining funds, and percentage of funds spent as of May 2, 2024**

Grantee	Grant amount	Obligated amount	Percentage obligated	Funds spent	Funds not spent	Percentage spent
Columbia, SC	\$26,155,000	\$26,155,000	100%	\$24,898,492	\$ 1,256,508	95%
Cook County, IL	83,616,000	83,616,000	100%	70,592,959	13,023,041	84%
Orange County, NY	11,422,029	4,078,872	36%	3,822,893	7,599,136	33%
St. Tammany Parish, LA	10,914,916	10,914,916	100%	6,927,645	3,987,271	63%
Tuscaloosa, AL	16,634,702	16,634,702	100%	13,013,537	3,621,165	78%
Totals	148,742,647	141,399,490	95%	119,255,526	29,487,121	80%

<sup>4</sup> Columbia, Cook County, St. Tammany Parish, and Tuscaloosa. Columbia's expenditure deadline is July 26, 2025. Cook County and St. Tammany Parish have an expenditure deadline of September 30, 2029. Orange County and Tuscaloosa have unenforceable target dates of 2021 and 2024, respectively.

## Status of Grantee Plans To Complete Eligible Activities

The funding provided to these grantees was to address unmet needs for long-term recovery from disasters such as hurricanes, tornadoes, and flooding. The grant action plans, submitted by the grantees and approved by HUD, describe the disaster recovery activities that the grantees will complete with the allocated disaster recovery grant funds, including the amount of grant funds to be used for each activity. Depending upon the requirements of the Federal Register notices, HUD approved the grantees' action plans and any substantial amendments, which included revisions from the initially planned activities or reallocation of grant funds from one activity to another. All five grants had approved substantial amendments to their action plans.

Based upon review of the grant action plans and amendments,<sup>5</sup> all grantees under review are on track to complete all planned activities for the disaster grants and use all allocated grant funding within the established timeframes. The main activities undertaken by each grantee included homeowner assistance programs, home repair or rehabilitation programs, the development of affordable low-to-moderate-income housing, stormwater management improvements, sewer or water system treatment plants, and other infrastructure and economic revitalization activities.

One grantee, Columbia, had essentially completed all of its planned activities as of the date of our review but had run out of administrative funds to conduct the remaining administrative oversight activities. However, it plans to continue oversight activities using general funds.

Specific details on each of the five grantees' activities and their status can be found in Grantee Details A-E.

## HUD Extended or Established Expenditure Deadlines for Grantees<sup>6</sup>

For the five grantees reviewed, HUD<sup>7</sup> either was given approval by public laws to extend existing expenditure deadlines, which HUD does through Federal Register notices, or established target closeout dates for grants that did not have an expenditure deadline as a statutory requirement.

For three grantees, HUD used its authority to extend expenditure deadlines between 2.5 and 12 years from the original expenditure deadline. These extensions gave the grantees the time needed to complete their planned grant activities without the risk of funds becoming unavailable due to expenditure deadlines set by the appropriations law or Federal Register notice. For example, the initial Federal Register notices<sup>8</sup> required Cook County and St. Tammany Parish to spend all grant funds within 2 years of the date on which HUD signed the grant agreements, which was July 2014 and March 2014, respectively.

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<sup>5</sup> Action plan amendments can include general amendments, which do not require HUD approval, and substantial amendments, which can include a change in program benefit or eligibility, the allocation or reallocation of more than \$1 million, or the addition or deletion of an activity. For substantial amendments, HUD's approval and public notice are required.

<sup>6</sup> Two grantees, Orange County and Tuscaloosa, did not have expenditure deadlines.

<sup>7</sup> Statutory expenditure deadlines are established or extended with the passage of public laws.

<sup>8</sup> Federal Registers 5696-N-13 and 5696-N-03



HUD extended the expenditure deadlines through September 2025.<sup>9</sup> Then, in July 2023, HUD further extended the expenditure deadlines through September 2029.<sup>10</sup> (See table 4.)

The Orange County and Tuscaloosa grant agreements, dated August 2012 and July 2012, respectively, did not include expenditure deadlines. As a result of the delays in completing their recovery projects, in November 2019, HUD set target dates for the Orange County and Tuscaloosa grants of December 2021 and December 2024, respectively. (See table 4.) The target dates have no regulatory enforcement effect. However, they were set to focus all parties on timely recovery effort. With respect to Orange County’s target date of December 2021, according to HUD and the grantee, they worked together to get a substantial amendment approved so that the County could move forward with grant completion.<sup>11</sup> HUD has not provided a new target date.

**Table 4. Grant expenditure deadlines**

Grantee	Grant date	Original deadline	Remaining grant funds <sup>12</sup>	Deadline extension	Years extended
Columbia, SC	01/26/2017	01/26/2023	\$1,256,508	07/26/2025	2.5
Cook County, IL	07/02/2014	09/30/2017	13,023,041	09/30/2029	12
Orange County, NY	08/10/2012	No deadline	7,599,136	12/31/2021 target date*	N/A
St. Tammany Parish, LA	03/13/2014	09/30/2017	3,987,271	09/30/2029	12
Tuscaloosa, AL	07/16/2012	No deadline	3,621,165	12/31/2024 target date*	N/A

*\*These dates have no regulatory enforcement.*

## All Five Grantees Experienced Challenges in Completing Their Planned Activities

All grantees experienced challenges in administering their disaster recovery programs, such as (1) impacts of the coronavirus disease 2019 (COVID-19) pandemic, (2) inadequate staffing or high turnover, and (3) disaster recovery grant administration requirements. (See table 5.)

<sup>9</sup> Federal Register 5696-N-14 and Federal Register 6316-N-01

<sup>10</sup> Federal Register 6397-N-01

<sup>11</sup> The Orange County substantial amendment included construction of a wastewater treatment plant and development of low- and moderate-income housing units. (See Details C for further details.)

<sup>12</sup> As of May 2, 2024

**Table 5. Challenges cited by grantees**

Grantee	COVID-19 pandemic	Staffing	Grant administration requirements
Columbia, SC	X	X	X
Cook County, IL	X		X
Orange County, NY		X	X
St. Tammany Parish, LA	X		X
Tuscaloosa, AL	X		X

COVID-19 pandemic: Four of the five grantees stated that the COVID-19 pandemic caused delays in the progress of their grant activities. During the pandemic, more than 50 percent of the manufacturing and construction sector experienced supplier delays.<sup>13</sup> Further, according to a White House letter, “a record share of homebuilders, surveyed by the National Association of Homebuilders in May [2021], reported shortages of key materials such as framing lumber, wallboard, and roofing.” For example, the City of Columbia experienced shortages of supplies and materials, which slowed the pace of construction beyond the pace of original projections for its Columbia Homeowner Assistance Program and Minor Home Repair Program.

Staffing: Staffing and leadership turnover or shortages negatively impact the completion of the programs due to the experience with HUD, State, and local requirements and regulations and historical knowledge of the activities and organizations involved that is necessary to effectively administer the grant.

Columbia experienced a substantial turnover of program and project leadership and financial staff over the course of its disaster recovery grant. The projects that slowed because of changes in staffing, subrecipients, and contractors included the Columbia Homeowner Assistance Program and the Minor Home Repair Program. Columbia eventually contracted with a company to support the program management. (See Grant Details A.)

Additionally, Orange County had some staff turnover during the implementation of the grant, which delayed getting the grant started. Further, most of its community development staff took a retirement incentive in 2017, and its community development director resigned in 2018, causing additional delays in administering disaster relief activities. (See Grant Details C.)

Challenges with disaster recovery grant administration requirements: All five grantees had issues with different aspects of the disaster recovery grant process that caused delays in completing activities. For example, Orange County had difficulty obtaining data from FEMA to avoid a duplication of benefits or determine whether a duplication of benefits had occurred.<sup>14</sup> This issue significantly impacted the

<sup>13</sup> Why the Pandemic Has Disrupted Supply Chains, dated June 17, 2021, <https://www.whitehouse.gov/cea/written-materials/2021/06/17/why-the-pandemic-has-disrupted-supply-chains/>

<sup>14</sup> According to HUD requirements, a duplication of benefits occurs when a person, household, business, or other entity receives disaster assistance from multiple sources for the same recovery purpose and the total assistance received for that purpose is more than the total needed.

grantee's single-family owner-occupied residential rehabilitation program for at least 5 years. (See Grant Details C.) In our report on HUD's Disaster Recovery Data Portal,<sup>15</sup> we found, in part, that the Disaster Recovery Data Portal has the potential, once deployed, to be an effective mechanism to assist grantees in preventing and detecting duplication of benefits.

New York State took over many of Orange County's housing rehabilitation activities. According to the County, many of the homeowners of the planned single-family rehabilitations chose to use New York State's disaster program over Orange County's disaster program, as it offered grants, which was preferable to the County's disaster program, which offered loans. Therefore, the County was delayed in completing its grant, as it had to reallocate its funds to other projects.

Cook County officials stated that receiving large grants from the U.S. Department of Treasury<sup>16</sup> (Treasury) and HUD, including allocations for disaster recovery and other CPD programs,<sup>17</sup> created issues. For example, the County used the HUD funds, and funding it received from the Treasury for multiple programs with diverse rules, which was overwhelming to administer and impacted its planning and obligation activities. Due to the differing obligation and spending requirements, which included short turnaround requirements, Cook County had to periodically reassess priorities for its limited staff to respond to the pandemic. (See Grant Details B.)

St. Tammany Parish officials cited the environmental review process as causing delays, as it needed to have three separate environmental reviews with the same scope and geography for its college campus, buildings, and sewer work. St. Tammany Parish officials thought a single environmental review for all three projects would have saved time. (See Grant Details D.)

Lastly, according to Tuscaloosa officials, in at least one instance, it had difficulty obtaining multiple bids for a project, even though there were six interested vendors at pre-bid. (See Grant Details E.)

## Conclusion

Due to HUD's providing extensions to expenditure or grant closeout deadlines, the five non-State disaster recovery grantees are on track to complete their planned activities and spend their remaining grant funds within the extended grant expenditure deadlines, as established by HUD, or within the grantees' planned completion dates. These five grantees received grants for disasters that occurred between 2011 and 2015. The communities affected by the disasters have had to wait between 7 and 12 years for the completion of these activities, which aim to restore or replace damaged properties and infrastructure.

## Recommendations

We are not making recommendations in this report.

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<sup>15</sup> The Disaster Recovery Data Portal is a technological solution planned by HUD to facilitate the rapid and secure transmission of data from FEMA to HUD's disaster recovery grantees. We made recommendations to help HUD develop and implement its Disaster Recovery Data Portal to provide some FEMA data to grantees. [Disaster Recovery Data Portal, Audit Report Number 2023-FW-0003, dated July 21, 2023](#)

<sup>16</sup> Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the American Rescue Plan (ARP)

<sup>17</sup> These CPD programs include Cook County's annual CDBG formula grant, CDBG-CARES Act grant, Emergency Solutions Grant (ESG)-CARES Act grant, and Home Investments Partnerships Program (HOME)-ARP grant.

# Grant Details

## Grant Details A – City of Columbia, SC

### 2015 Hurricane Joaquin

In October 2015, Columbia experienced substantial rainfall and flooding resulting from Hurricane Joaquin. The rain and flooding caused extensive damage to many dams, roads, bridges, businesses, and residential structures in Columbia. The flooding also impacted Columbia’s utilities, wastewater treatment systems, and drinking water treatment and collection systems. Columbia initially received funds for disaster recovery from FEMA and other government agencies. However, it identified more than \$120 million in unmet needs. Columbia considered housing, with an estimated \$35 million cost, the largest unmet need due to the large number of residents impacted by the flood. To address its unmet needs,<sup>18</sup> HUD allocated \$26.2 million in disaster recovery grant funds to Columbia.<sup>19</sup>

Grant number: B-16-MH-45-0001	
Grant award amount: \$26,155,000	
Total grant funds obligated as of May 2, 2024	\$26,155,000
Total grant funds disbursed as of May 2, 2024	\$24,898,492
Percentage disbursed	95 percent
Amount of FY 2023 annual CDBG <sup>20</sup> funds	\$ 1,025,943
Multiples of CDBG-DR <sup>21</sup> 2017 grant funds compared to FY 2023 annual CDBG funds	25.49
Grant award date	01/26/2017
Initial grant completion date	01/26/2023
Current expenditure deadline	07/26/2025

### Challenges Experienced

Columbia experienced the following issues, which created delays in completing its projects.

- Obtaining contractors was an ongoing issue. Changes in contractors slowed the pace of construction beyond the pace of original projections for Columbia’s disaster recovery projects.
- The subrecipient overseeing the construction process underestimated build time, which resulted in Columbia’s inability to meet the original production schedule provided to HUD. The subrecipient attributed construction delays to supply chain and labor force availability issues.
- Shortages of supplies and materials slowed the pace of construction beyond the original projections.
- Columbia’s turnover in leadership and staff negatively impact program execution as new leaders and staff learn the program and activities and implement their own processes and systems.
  - The loss of financial accounting staff led to delays in reconciling Columbia’s internal accounts to HUD’s computerized system. As a result, Columbia was delayed by a year in

<sup>18</sup> Unmet needs are the remaining disaster recovery funds needed and not addressed by FEMA and other agencies.

<sup>19</sup> HUD allocated \$20 million in January 2017 and an additional \$6.2 million in March 2018.

<sup>20</sup> Community Development Block Grant

<sup>21</sup> Community Development Block Grant Disaster Recovery

determining the amount of funds remaining for the Homeowner Assistance Program and Minor Home Repair Program.

- Turnover of program and project leadership slowed project completion. In addition, Columbia had to replace a nonperforming program management firm, which delayed completion of the Homeowner Assistance Program and Minor Home Repair Program.
- Columbia's efforts to secure approval of its most recent substantial amendment and to secure an extension to the grant period of performance was delayed by 5 months. Columbia could not draw down funds for its revised activities until after HUD approved the substantial amendment that described the activities.
- Columbia has run out of administrative funds to conduct remaining administrative oversight activities. However, it plans to continue oversight activities using general funds.

### ***Current Status***

As of May 2, 2024, Columbia had spent a total of \$24.9 million (95 percent of its grant funds) on the following types of activities: (1) Columbia homeowner assistance, (2) minor repair, (3) elevation reimbursement, (4) small rental repair, and (5) multifamily housing. Further, Columbia had spent all of its administrative funds.<sup>22</sup> Although its administrative funds had been exhausted, Columbia had begun using its general funds to continue administrative oversight of its disaster recovery grant.

According to its approved action plan,<sup>23</sup> Columbia had completed all of its planned projects. It reallocated residual funds from other completed disaster recovery projects to its Columbia Homeowner Assistance Program and Minor Home Repair Program to accommodate a shortfall in funding for the existing applicant pool of residential structures requiring rehabilitation. Columbia had about \$1.3 million of the \$26.2 million grant (5 percent) remaining to be spent on these additional activities. To enable it to meet these needs, HUD extended Columbia's expenditure deadline through July 26, 2025.

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<sup>22</sup> Grantees use administrative funds for the general management, oversight, and coordination of their grants.

<sup>23</sup> Columbia's substantial amendment 7 to the action plan, dated December 12, 2023

## Grant Details B – Cook County, IL

### 2013 Flooding Disasters

In 2013, Cook County experienced significant flooding throughout the County, causing damage to 30 local municipalities and more than 70 housing providers. As a result, the County had significant unmet needs for resources to address housing and infrastructure projects and initiatives. To address the unmet needs, HUD awarded Cook County \$83.6 million in four tranches of funding from July 2014 to July 2017.

Grant number: B-13-US-17-0001	
Grant award amount: \$83,616,000	
Total grant funds obligated as of May 2, 2024	\$83,616,000
Total grant funds disbursed as of May 2, 2024	\$70,592,959
Percentage disbursed	84 percent
Amount of FY 2023 annual CDBG funds	\$10,251,381
Multiples CDBG-DR 2014 grant funds compared to FY 2023 CDBG funds	8.16
Grant award date	07/02/2014
Initial grant completion date	09/30/2017
Current expenditure deadline	09/30/2029

#### *Challenges Experienced*

The County cited difficulty in administering large and diverse HUD programs, its disaster recovery grant and Treasury grants. In addition, the COVID-19 pandemic significantly delayed Cook County's grant activities. The large quantities of funds and short turnaround times associated with the Treasury funds necessitated that Cook County reassign staff to focus on those resources first and to redevelop rapid response programs during the pandemic. Cook County also experienced a slowdown in filling staff vacancies because the City of Chicago, State of Illinois, and Federal Government agencies in Illinois were all competing to fill the same types of staff positions.

Lastly, the CDBG-DR buyout program, which involved stormwater disaster resilience, is not a fast-moving project due to the time necessary to determine eligible areas and homeowners and the environmental reviews involved. Further, the program is voluntary, so homeowners must be in the eligible buyout area, be aware of the program, apply, and be approved for the program. In addition, the homeowner must accept the buyout amount that the grantee is offering.

#### *Current Status*

As of May 2, 2024, Cook County had spent \$70.6 million (84 percent) on the following projects: (1) acquisition and buyout of residential properties, (2) clearance and demolition, (3) relocation payments and assistance, (4) construction of new housing, (5) affordable rental housing, (6) rehabilitation of residential structures, and (7) homeowner assistance. By September 2023, Cook County had completed its acquisition or buyout of residential properties, clearance demolition, housing reconstruction and rehabilitation, affordable rental housing, infrastructure, and residential resilience projects. According to its approved quarterly performance report,<sup>24</sup> the County planned to spend its remaining \$13 million in

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<sup>24</sup> Cook County's quarterly performance report for the quarter ending September 2023

disaster recovery grant funds<sup>25</sup> (16 percent of the total grant amount) on additional housing reconstruction and rehabilitation of residential units in the storm-damaged low- and moderate-income areas of the village of Ford Heights, and stormwater retention and storm sewer improvements for the villages of Chicago Heights and Maywood. Cook County expects to have all grant activities completed by November 2024. However, HUD extended the expenditure deadline through September 2029, nearly 5 years after the completion date Cook County expects to meet.

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<sup>25</sup> As of May 2, 2024

## Grant Details C – Orange County, NY

### 2011 Hurricane Irene and Tropical Storm Lee

In late August and early September 2011, Orange County experienced severe damage caused by Hurricane Irene and Tropical Storm Lee. The damage from these disasters affected residential structures and public infrastructure, including drainageways and dams. Orange County identified more than \$30 million in unmet severe needs to address damages to housing, economic revitalization, and infrastructure. To address Orange County’s unmet needs, HUD awarded \$11.4 million in disaster recovery funds to Orange County in August 2012.

Grant number: B-12-UT-36-0001	
Grant award amount: \$11,422,029	
Total grant funds obligated as of May 2, 2024	\$4,078,872
Total grant funds disbursed as of May 2, 2024	\$3,822,893
Percentage disbursed	33 percent
Amount of FY 2023 annual CDBG funds	\$1,680,965
Multiples of CDBG-DR 2012 grant funds compared to FY 2023 annual CDBG funds	6.79
Grant award date	08/10/2012
Initial grant completion date	No deadline
Current estimated completion date	12/31/2026

### *Challenges Experienced*

According to Orange County, it had not completed its projects as planned for the following reasons.

- Orange County had some staff turnover during the implementation of the grant, which delayed getting the grant started. Additionally, most of its community development staff took a retirement incentive in 2017, and its community development director retired in 2018.
- Differing Federal Register requirements between the various disaster allocations made it difficult for staff members to understand, since they had to follow specific language for the Federal Register notice issued for the disaster that affected them, which could conflict between notices. To help with the disaster grant, Orange County hired a consultant in 2019.
- For at least 5 years, Orange County had difficulty obtaining data from FEMA that it needed to determine potential duplication of benefits.<sup>26</sup> This difficulty caused delays in approving applicants.
- HUD’s monitoring for 2018 through 2020 had noncompliance findings that would require Orange County to repay grant funds. However, Orange County did not agree with the noncompliance findings. HUD eventually cleared the findings in November 2023, without the County having to repay funds. However, during the period in which the grantee was working to resolve the findings, it delayed spending additional disaster recovery funds on existing activities that were not clearly eligible to avoid the risk of having to repay funds.

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<sup>26</sup> According to HUD requirements, a duplication of benefits occurs when a person, household, business, or other entity receives disaster assistance from multiple sources for the same recovery purpose and the total assistance received for that purpose is more than the total needed.



### *Current Status*

As of May 2, 2024, Orange County had spent \$3.8 million (33 percent) on all of its planned activities. According to its approved<sup>27</sup> substantial amendment to the action plan,<sup>28</sup> Orange County planned to spend its remaining \$7.6 million (67 percent) on an urgently needed wastewater treatment plant and control and administration building for the Town of New Windsor and development of affordable low- and moderate-income housing units.<sup>29</sup> Orange County expects to complete these two projects no later than December 2026.<sup>30</sup>

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<sup>27</sup> HUD approved on February 28, 2024.

<sup>28</sup> Orange County's substantial amendment 2012-07 to the action plan, dated January 19, 2024

<sup>29</sup> According to the substantial amendment, the County reallocated unspent and reduced activity funding to these two activities.

<sup>30</sup> Orange County did not have an expenditure deadline for its 2011 multiple grants.

## Grant Details D – St. Tammany Parish, LA

### 2012 Hurricane Isaac

On August 28, 2012, Hurricane Isaac made landfall on the Gulf Coast of Louisiana and remained for 3 days. The hurricane caused damage to St. Tammany Parish’s infrastructure and residential structures. Following assistance by FEMA, the Small Business Administration, and other agencies, St. Tammany Parish reported unmet needs for disaster recovery for damages to both owner-occupied and rental housing units, structural and economic damages to businesses, and damages to infrastructure. Some of the infrastructure improvements included St. Tammany Advanced Campus and a satellite campus for NorthShore Community College building. HUD awarded \$10.9 million to St. Tammany Parish to address unmet needs in four separate tranches of funding. The disaster recovery funding was awarded from March 2013 through September 2017.

Grant number: B-13-US-22-0002	
Grant award amount: \$10,914,916	
Total grant funds obligated as of May 2, 2024	\$10,914,916
Total grant funds disbursed as of May 2, 2024	\$6,927,645
Percentage disbursed	63 percent
Amount of FY 2023 annual CDBG funds	\$1,262,960
Multiples of CDBG-DR 2014 grant funds compared to FY 2023 annual CDBG funds	8.64
Grant award date	03/13/2014
Initial grant completion date	09/30/2017
Current expenditure deadline	09/30/2029

### *Challenges Experienced*

St. Tammany Parish was challenged in completing its planned projects for the following reasons.

- The COVID-19 pandemic caused St. Tammany to place its disaster recovery projects on hold. A specific delay cited by St. Tammany was the lead times for the installation of lights and clearance from utility companies for contracting purposes.
- St. Tammany was impacted by Hurricane Ida, which made landfall on August 29, 2021. Progress on the planned activities was stalled due to the significant impacts the hurricane had on the community.
- The environmental reviews for the St. Tammany Advanced Campus project caused delays. St. Tammany developed the campus in four phases, three of which required environmental reviews.<sup>31</sup> St. Tammany could have completed one environmental clearance for all three different phases, which had the same scope and geography. However, the campus is large, and the Parish did not have all of the geographic designs in place at the beginning of the grant funding period. As a result, St. Tammany decided not to conduct a singular environmental review of the entire property because the review might have included portions of the property that did not need an environmental review. Due to the timing of each phase of the project and available funds, St. Tammany phased the three environmental clearances according to each phase of the

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<sup>31</sup> These three phases were for the college campus, buildings, and sewer work.

development requiring environmental reviews even though a singular environmental review would have saved time.

***Current Status***

As of May 2, 2024, St. Tammany Parish had spent \$6.9 million (63 percent) completing its housing projects. According to its action plan,<sup>32</sup> St. Tammany Parish planned to spend the remaining \$4 million (37 percent) on the final stages of infrastructure improvements for St. Tammany Advanced Campus and a satellite campus for NorthShore Community College building. In March 2024, the Parish completed the work on St. Tammany Advanced Campus and expects to complete work on NorthShore Community College within the expenditure deadline of the grant agreement, which was extended through September 2029.

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<sup>32</sup> St. Tammany’s substantial amendment 6 to the action plan, dated April 8, 2022

## Grant Details E – Tuscaloosa, AL

### 2011 Tornadoes

On April 27, 2011, a severe thunderstorm, producing straight-line winds, and several tornadoes tore through the City of Tuscaloosa. The 2011 tornadoes damaged or destroyed Tuscaloosa’s areas, including commercial, industrial, and major government buildings; a major retail area; and at least 4,289 homes. In July 2012, HUD awarded \$16.6 million in disaster recovery grant funds to Tuscaloosa to fund its unmet housing, infrastructure, and economic revitalization needs. Some activities included the Downs Drainage system improvements by replacing the existing pipes with larger diameter pipes or rerouting the drainage into new water and sewer systems. The Juanita Drive Phase II project is another activity, which includes widening roadways, streetscaping and utility upgrades, sidewalks, water system improvements and sanitary system improvements.

Grant number: B-12-MT-01-0002	
Grant award amount: \$16,634,702	
Total grant funds obligated as of May 2, 2024	\$16,634,702
Total grant funds disbursed as of May 2, 2024	\$13,013,537
Percentage disbursed	78 percent
Amount of annual FY 2023 CDBG funds	\$827,655
Multiples of CDBG-DR 2012 grant funds compared to FY 2023 annual CDBG funds	20.10
Grant award date	07/16/2012
Initial grant completion date	No deadline
Current estimated completion date	12/31/2025

### *Challenges Experienced*

Tuscaloosa experienced challenges in completing its projects for the following reasons.

- As with other grantees, officials cited the COVID-19 pandemic as a challenge that delayed the progress of its grant activities. The pandemic created significant project challenges related primarily to adverse supply chain impacts and internal capacity stress. Further, it created an emergency, which required an immediate and extensive response. This issue contributed to project delays by significantly reducing staff capacity. In addition to response-related capacity stress and like most other employers nationwide, Tuscaloosa experienced staff turnover during this time.
- Tuscaloosa experienced a significant rise in costs for procurement of goods and services due to inflation and supply chain issues.
- The procurement process for the Juanita Drive Phase II was delayed because Tuscaloosa received only one bid at opening, despite having six interested vendors at the pre-bid conference. Because Tuscaloosa received only one bid, it had to rebid the Juanita Drive Phase II project. Tuscaloosa had to present the amendment to the City Council for approval, submit the amendment to HUD, and finally officially accept the bid. Overall, the bidding process, along with the amendment submission and acceptance of the bid by the contractor, contributed significantly to the delay.

### *Current Status*

As of May 2, 2024, Tuscaloosa had spent \$13 million in grant funds (78 percent) and had completed its housing recovery and economic revitalization projects. With its \$3.6 million in remaining grant funds (22 percent), Tuscaloosa planned to complete construction projects for the Downs Drainage water and sewer systems and Juanita Drive Phase II activities.<sup>33</sup> Tuscaloosa expects to complete the Downs Drainage and Juanita Drive activities by December 2025.<sup>34</sup>

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<sup>33</sup> Tuscaloosa's substantial amendment 19 to the action plan, submitted August 12, 2021

<sup>34</sup> Tuscaloosa does not have an expenditure deadline for this 2011 multiple disaster grant.

## Scope and Methodology

We conducted the audit from July 3, 2023, to February 29, 2024, offsite from Albuquerque, NM, Oklahoma City, OK, and Fort Worth, TX. Our audit covered grantees that received CDBG-DR funding for the 2011 through 2015 disasters.<sup>35</sup> The initial audit period was from July 1, 2021, through June 30, 2023. We expanded the audit period through February 29, 2024, to include the direct non-State disaster recovery grantees’<sup>36</sup> recent accomplishments and plans to complete their disaster recovery projects with the remaining grant funds on eligible activities that benefit program participants. We also expanded the scope through May 2, 2024, to report the obligated and unspent grant funds and through May 7, 2024, to report all of the dates during which HUD monitored the sample grants.

To accomplish our audit objective, we

- reviewed prior audits related to the sample grantees and the audit objective;
- reviewed the public laws that appropriated funds and extended expenditure deadlines for the five selected disaster grants;
- reviewed all 35 Federal Register notices for the disaster recovery grants for 2011 multiple disasters; Hurricane Sandy and other disasters occurring from 2011 through 2013; and Hurricane Joaquin, Hurricane Patricia, and other flood events occurring in 2015 to determine the requirements and amounts allocated for the five grantees;
- obtained an understanding of the disaster recovery requirements by reviewing the Code of Federal Regulations governing these grants;
- reviewed grant agreements and monthly CDBG-DR grant expenditure reports;
- reviewed HUD Handbook 6509.2, REV-7, CHG-5, Community Planning and Development Monitoring Handbook, and CPD-2023-08, Implementing Risk Analyses for Monitoring Community Planning and Development Grant Programs in Fiscal Year 2024;
- reviewed risk analysis worksheets, monitoring exhibits, and monitoring reports of the sampled grants obtained from HUD’s computerized system;
- reviewed grant drawdowns, including supporting documentation, and grant projection schedules, including spreadsheets that the grantees used to track grant activities;
- reviewed action plans, action plan amendments, citizen participation plans, quarterly performance reports, and documentation supporting disaster recovery activity eligibility prepared by the five grantees;

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<sup>35</sup> The 2011 through 2015 funding allocations refer to funding allocated through appropriations in Public Law (P.L.) 112-55, multiple disasters in 2011; P.L. 113-2, Hurricane Sandy and multiple disasters in 2011-2013; and P.L. 114-113 and P.L. 115-31, Hurricanes Joaquin and Patricia and other events in 2015.

<sup>36</sup> Cities, counties, and parishes

- reviewed documentation to show the grantees' procedures for calculating the low- and moderate-income percentage requirements;
- reviewed a sample of administrative fees paid to the grantees;
- reviewed program income received and drawn down for Cook County to determine whether the County drew down all of its program income; and
- interviewed HUD and grantee officials.

We selected a targeted nonstatistical sample of disaster recovery grants awarded to non-States that HUD determined to be slow spenders of the allocated funds and were monitored by HUD's field offices. The initial universe consisted of 36 grants. However, for this audit, we removed 5 grants monitored by HUD's Office of Disaster Recovery and 7 grants that HUD OIG recently audited, resulting in a universe of 24 grants, which included 9 that HUD determined to be slow spenders. Our initial sample selection consisted of 6 of the 24 grants.<sup>37</sup> These were six (67 percent) of the nine grants that HUD considered to be slow spenders. The sample selection represented 35 percent of the grant funds awarded by the grant agreements in the universe and contained the highest percentage remaining balance of the total grant amount (45 percent as of February 2023) compared to other grants in the universe. During the audit and to avoid duplication of audit effort, we removed one grantee, as it was included in the scope of another audit. Our remaining sample consisted of 5 of 24 CDBG-DR grants awarded to the non-State grantees.

For four of the grants,<sup>38</sup> we selected a sample of the projects that had not been completed and for which the grantees planned to spend 20 percent or more of the remaining balance as of November 1, 2023. For each grant, we selected the following types of documents to review to determine the status of the remaining activities: documentation to tie the activity to the disaster, damage assessments, subrecipient agreements, contracts, home inspections, or homeowner eligibility. Orange County was waiting for HUD to approve a substantial amendment for the remaining projects. As a result, we reviewed a sample of documents from Orange County's latest completed project.<sup>39</sup>

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.

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<sup>37</sup> Awarded to 19 grantees and monitored by 6 of 10 field offices

<sup>38</sup> Columbia, Cook County, St. Tammany Parish, and Tuscaloosa

<sup>39</sup> City of Middletown drainage improvements

# Appendix

## Appendix A – Auditee Comments and OIG’s Evaluation

On January 30, 2025, we issued the discussion draft report to the Associate Deputy Assistant Secretary for Field Operations. On February 21, 2025, the Associate Deputy Assistant Secretary for Field Operations informed us that HUD elected not to provide any comments or feedback on this audit.