

GAO Highlights

Highlights of [GAO-19-232](#), a report to congressional requesters

Why GAO Did This Study

The 2017 hurricanes (Harvey, Irma, and Maria) caused an estimated \$265 billion in damage, primarily in Texas, Florida, Puerto Rico, and the U.S. Virgin Islands. As of February 2019, Congress had provided over \$35 billion to HUD for CDBG-DR grants to help communities recover. Communities may use these funds to address unmet needs for housing, infrastructure, and economic revitalization. GAO was asked to evaluate the federal government's response to the 2017 hurricanes. In this initial review of CDBG-DR, GAO examined, among other things, (1) the status of the 2017 grants, (2) HUD's review of the initial steps grantees have taken and its plans for future monitoring, and (3) challenges HUD and grantees face in administering grants.

GAO reviewed documentation from the four largest 2017 CDBG-DR grantees and HUD. GAO also reviewed prior work on CDBG-DR and interviewed officials from HUD and the four grantees.

What GAO Recommends

Congress should consider permanently authorizing a disaster assistance program that meets unmet needs in a timely manner. GAO also makes five recommendations to HUD, which include developing guidance for HUD staff to use in assessing grantees, developing a monitoring plan, and conducting workforce planning. HUD generally agreed with three recommendations and partially agreed with two, which GAO clarified to address HUD's comments.

View [GAO-19-232](#). For more information, contact Daniel Garcia-Diaz at (202) 512-8678 or garciadiazd@gao.gov.

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DISASTER RECOVERY

Better Monitoring of Block Grant Funds Is Needed

What GAO Found

As of September 2018, the four states and territories that received the most 2017 Community Development Block Grant Disaster Recovery (CDBG-DR) funds had signed grant agreements with the Department of Housing and Urban Development (HUD). Before signing the agreements, HUD certified the grantees' financial processes and procedures. It also approved the grantees' assessments of their capacity to carry out the recovery and of unmet needs (losses not met with insurance or other forms of assistance). Before funding begins to reach disaster victims, the grantees need to take additional steps, such as finalizing plans for individual activities. As of January 2019, Texas had drawn down about \$18 million (of \$5 billion) for administration and planning only, and Florida had drawn down about \$1 million (of \$616 million) for administration, planning, and housing activities. Puerto Rico and the U.S. Virgin Islands had not drawn down any of the \$1.5 billion and \$243 million, respectively, they had been allocated.

HUD lacks adequate guidance for staff reviewing the quality of grantees' financial processes and procedures and assessments of capacity and unmet needs, and has not completed monitoring or workforce plans. The checklists used to review grantees' financial processes and procedures and assessments ask the reviewer to determine if the grantee included certain information, such as its procurement processes, but not to evaluate the adequacy of that information. In addition, the checklists, which include a series of "yes" or "no" questions, do not include guidance that the HUD reviewer must consider. HUD also does not have a monitoring plan that identifies the risk factors for each grantee and outlines the scope of monitoring. Further, HUD has not developed a workforce plan that identifies the critical skills and competencies HUD needs and includes strategies to address any staffing gaps. Adequate review guidance, a monitoring plan, and strategic workforce planning would improve HUD's ability to oversee CDBG-DR grants.

Without permanent statutory authority and regulations such as those that govern other disaster assistance programs, CDBG-DR appropriations require HUD to customize grant requirements for each disaster in *Federal Register* notices—a time-consuming process that has delayed the disbursement of funds. In a July 2018 report, the HUD Office of Inspector General found that as of September 2017, HUD used 61 notices to oversee 112 active CDBG-DR grants. Officials from one of the 2017 grantees told us that it was challenging to manage the multiple CDBG-DR grants it has received over the years because of the different rules. CDBG-DR grantees have faced additional challenges such as the need to coordinate the use of CDBG-DR funds with other disaster recovery programs that are initiated at different times and administered by other agencies. HUD officials said that permanently authorizing CDBG-DR would allow HUD to issue permanent regulations for disaster recovery. Permanent statutory authority could help address the challenges grantees face in meeting customized grant requirements for each disaster, such as funding lags, varying requirements, and coordination with multiple programs. The expected increase in the frequency and intensity of extreme weather events underscores the need for a permanent program to address unmet disaster needs.