



North Carolina Department of Public Safety

Office of Recovery and Resiliency

Roy Cooper, Governor
Eddie M. Buffaloe, Jr., Secretary

Laura H. Hogshead, Director

June 5, 2024

Senator Thom Tillis
113 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Tillis:

Thank you for your continued interest and engagement on the progress that NCORR is making for the Hurricane Matthew and Florence storm victims in North Carolina. Helping families recover and return to safe, resilient homes is our top priority and we have engaged in a whole-of-government response. Collectively with our partners at North Carolina Emergency Management, the Office of State Budget & Management, and volunteer organizations, we have successfully repaired or rebuilt 13,269 homes since Hurricane Matthew. We have also repaired or rebuilt hundreds of public buildings, roads, and bridges, while also working to mitigate against future storms and add much needed affordable housing units to these affected counties. While there have been significant hurdles in this recovery, we are committed to getting the job done and have significant progress to report.

As you know, supply chain and labor shortages stemming from the pandemic severely hampered the pace of construction in many rural communities over the past several years and required NCORR to rethink our approach in order to help more people return home faster. While significant work remains, I'm pleased to report that over the past two years NCORR has facilitated a more than ten-fold increase in the number of home reconstruction and rehabilitations completed each month. For the last 5 months, NCORR has completed more than 100 reconstructions or rehabilitations each month in the Homeowner Recovery Program. In addition, NCORR has funded the construction of more than 2,000 units of affordable housing in locations outside of the floodplain, providing safe, resilient housing for low-income NC residents. Lastly, NCORR has also provided funding for more than 20 vital infrastructure projects for local governments in Eastern North Carolina.

Your letter acknowledges efforts to authorize the CDBG-DR program, and it is critical to continue those efforts. As you are well aware, it was more than 500 days from landfall of Hurricane Florence to the publication of the Federal Register notice that gave NC access to the

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CDBG-DR funding appropriated by Congress. Such built-in delays cannot continue to hinder the recovery of storm survivors and authorization of this program is key to helping more people in a timely manner.

As a reminder, NCORR received CDBG-DR funding in 2017 for Hurricane Matthew, which occurred in 2016, and in 2020 for Hurricane Florence, which occurred in 2018. As of today, NCORR has spent a greater proportion of its Hurricane Matthew and Florence grant funds on recovery efforts than almost every other CDBG-DR grantee and is prepared to become the first HUD grant recipient of disaster recovery funds to close its 2016 grant.

NCORR similarly outperforms other states that received this grant in 2018 in spending and now greatly outpaces its cohorts in total number of units rehabilitated or reconstructed a month – exceeding the monthly production of the States of Florida, Texas, West Virginia, California, Georgia, Missouri, and several entitlement communities. We continue working to improve our pace and service – but it’s important to emphasize the widespread challenges states have seen in this period of recovery. In response to delays and challenges, NCORR has taken dramatic steps to rethink our model and ensure dollars are being spent and work is being done as quickly as possible.

Over the past two years, NCORR has revamped its operations, including insourcing almost every vendor contract in order to have state staff running every aspect of the Homeowner Recovery Program, known as ReBuild. This allows for more consistency in decisions and implementation and preserves taxpayer funds. In most cases, our case managers are also located in Eastern NC, allowing them to help their neighbors, rather than having an out-of-state vendor providing these services. We have also reduced the paperwork burden on our applicants and streamlined our procurement and construction processes to maximize speed and quality to our applicants.

Your letter asks specific questions, which we answer below:

1. Policymakers and experts - including J.R. Sanderson, the former Director of the South Carolina Disaster Recovery Office and now a Senior Advisor at the St. Bernard Project (SBP), a nonprofit disaster relief organization previously contracted by ReBuild NC - have indicated it is unclear whether North Carolina will fully utilize its allocated federal funding prior to expiration, given NCORR’s track record of delays.
 - a. What performance metrics demonstrate NCORR is on pace to properly allocate all remaining federal funding before it expires in August 2026?

HUD measures all CDBG-DR grantees monthly and NCORR is not only designated by HUD as “on pace,” but the rate of expenditure outpaces fellow grantees in the 2016 and 2018 cohorts of grantees. Here is the link to the chart that measures all grantee performance:

[https://www.hud.gov/sites/dfiles/CPD/documents/CDBG-DR/CDBG DR Grant Expenditure Report 5 2024.pdf](https://www.hud.gov/sites/dfiles/CPD/documents/CDBG-DR/CDBG%20DR%20Grant%20Expenditure%20Report%205%202024.pdf)

Additionally, NCORR tracks the completion of rehabilitated, reconstructed, and replaced housing units per month. NCORR completed 99 homes in January, 111 in February, 118 homes in March, 121 homes in April and 125 homes in May. We are currently on track to continue to complete more than 100 homes each month. In addition, at the current rate of production, NCORR will conclude the Homeowner Recovery Program approximately one year before both the Matthew and Florence grant closeout deadlines.

As stated above, NCORR's monthly production has increased more than ten-fold since the comments made by Colonel Sanderson in September of 2022. NCORR continues to work with Colonel Sanderson and his team at SBP to improve NCORR's operations.

2. As of 2022, NCORR spent over \$13 million, approximately 20 times that of South Carolina's Disaster Recovery Office, on temporary housing for residents impacted by storm damage. Reports have shown that families had no choice but to live in cramped hotel rooms with no kitchens for years. Moreover, monthly costs for hotel rooms far exceed the cost of other forms of temporary housing in Eastern North Carolina.
 - a. What changes in policy has NCORR enacted to address the \$30+ million spent on temporary housing and hotels?

First, TRA is a benefit to low-income homeowners. What we know about other states that did not offer temporary housing is that many of their applicants dropped out of the program at the point of construction, leaving them without vital repairs to their homes. NCORR chose to offer this benefit, recognizing that these households are the least able to finance a rent payment on top of a mortgage, and that in order to serve the most vulnerable, TRA is a necessary expense. That said, in numerous instances, the delays we saw in construction resulted in long-term temporary living situations that are unacceptable for applicants and NCORR. NCORR has implemented new, flexible approaches to temporary housing. More than 2/3 of new applicants use these flexible tools, including a housing stipend payment, rather than a hotel room. This stipend allows for self-governance and freedom of choice and expands the housing options, including leases and other temporary lodging. This stipend payment is also less expensive than hotel stays, resulting in significant savings.

- i. How many North Carolinians are still housed in hotels? What is the new total amount spent on temporary housing?

Currently, 183 households are housed in hotels. The current expenditure for all forms of temporary housing (leases, hotels, storage, etc) is \$54,914,552.36. The number of families in TRA is indicative of the record number of projects currently under construction.

- b. Has NCORR established standards based on economic analysis to determine when long-term hotel stays are a cost-effective form of temporary housing? NCORR has always maintained an analysis of reasonable rates for temporary housing. Temporary housing costs are a significant cost for many recovery programs in areas with limited inventory of affordable housing, such as those found in Louisiana – which pays a rate double NCORR’s rate in some areas. If it were not for temporary housing, many homeowners could not succeed in this program. Many projects are complete within 60 days and households are displaced for only a portion of that time, too short to engage in a longer-term lease.
- c. Has NCORR calculated the number of homes it is now unable to build as a result of its allocating resources toward temporary housing costs?

The application for assistance for the Homeowner Recovery Program was open for nearly three years. NCORR does not have a wait list at this time, and therefore our projections indicate that no units are unable to be finished because of temporary rental assistance. We anticipate serving all eligible applicants, even with the cost of TRA. And without providing TRA assistance, we estimate thousands of eligible homeowners would not have been able to take advantage of the program.

- 3. ReBuild NC recently announced the completion of 2,000 homes, yet approximately 2,200 families impacted by hurricanes Matthew and Florence are still awaiting competition of repairs or construction.

- a. How many individuals who submitted claims to ReBuild NC in 2021 and prior years are still awaiting long-term housing?

As of the end of May, 2024, 3,834 projects are with a general contractor, in construction, or complete. There are 552 projects remaining to be awarded to a contractor.

- b. What has NCORR done to ensure that multi-year waits are no longer the norm?

NCORR has implemented numerous policy changes to streamline application processing, hasten environmental reviews, expedite procurement, and better manage construction contractors. The average construction time has been reduced significantly for all project times, and in some instances are three times faster than in 2022, falling from 222 days to 69 days for completion on average.

- 4. Documented cases demonstrate ReBuild NC has started, even completed, homes that were later deemed to be structurally unsound. Other cases show that unfinished homes on which repairs had begun were subject to costly damage from sitting incomplete.

- a. What changes has NCORR enacted to ensure resources are no longer squandered on homes that are irreparable or potentially subject to further damage?

NCORR is not aware of documented cases of “structurally unsound” homes, as each home undergoes all required county inspections and receives a Certificate of Occupancy conveyed by the County. As anyone who has ever been involved with a home construction project knows, there are frequently issues discovered during and after work that need to be resolved. NCORR stands by the homes that it repairs or rebuilds with a one-year workmanship warranty, a two-year systems warranty and a 10-year structural warranty. If homeowners have concerns about their property, NCORR is available to work with them and the General Contractor to correct anything that is warrantable. In addition, NCORR has adjusted its reconstruction threshold so that more properties are reconstructed rather than rehabilitated, therefore ensuring more resilient structures.

5. SBP’s aforementioned report stated that NCORR’s effectiveness is hindered by a lack of coordination across function areas, consistent deviation from standards, a strong desire to protect program leaders from public scrutiny or missteps, and a lack of a formalized decision-making process.

- a. How has NCORR addressed these issues and other cited in SBP’s report?

NCORR has worked with SBP to streamline operations. The most important change that NCORR has made, however, was to in-source all contracts and work through state staff rather than vendors. This enabled NCORR to have a consistent workforce dedicated to the mission, rather than previous contractors who turned over quickly and introduced inconsistency in the delivery of the program.

- b. Has North Carolina Emergency Management Director Will Wray (sic), DPS Secretary Eddie Buffaloe, their predecessors, or Governor Cooper ever conducted a review of your job performance as Director of NCORR?

Yes

- c. Have you ever received professional communication training in your capacity as Director of NCORR?

No

6. ReBuild NC recently released guidance and resources on extreme heat, citing climate change’s impact on heat events. The 70+ page toolkit, along with other materials, includes sample community heat surveys from non-N.C. jurisdictions such as Philadelphia, PA, and merits consideration as to whether this is an effective use of time and resources. As stated, ReBuild NC is responsible for facilitating disaster recovery through financial assistance to eligible homeowners for repairs and construction.

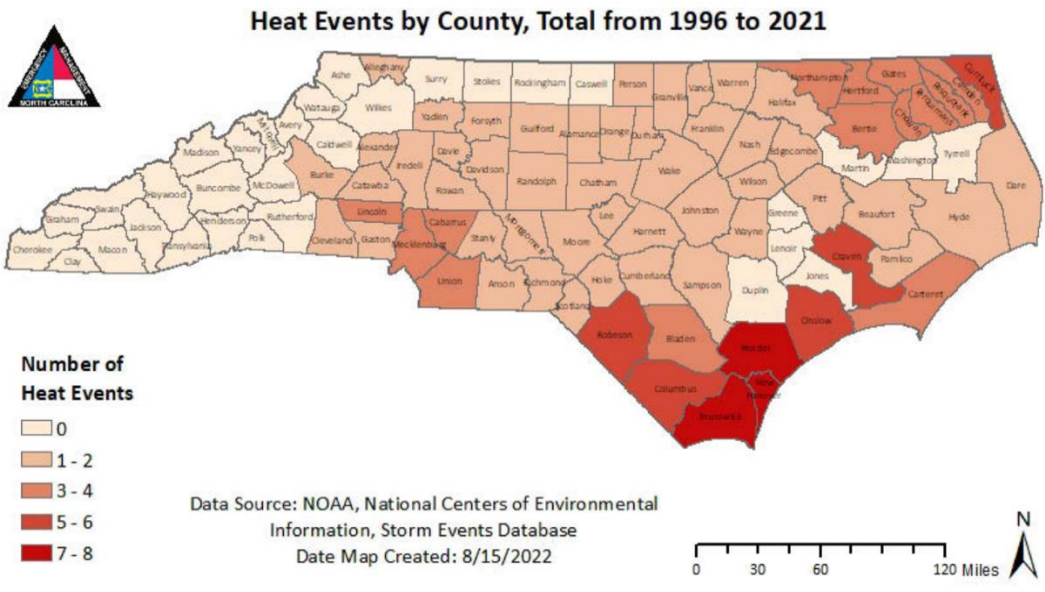
a. Does NCORR consider the Heat Action Plan Toolkit and broader effort aligned with ReBuild NC's statutory mission?

Yes. NCORR manages nearly a billion dollars in HUD funding in two grant types, Community Development Block Grant – Disaster Recovery (CDBG-DR) funds, which primarily enable the efforts of NCORR's Homeowner Recovery Program (better known as ReBuild NC), and the Community Development Block Grant – Mitigation (CDBG-MIT), which supports a wider range of programming and activities, such as the Heat Action Plan Toolkit, aimed at instilling mitigation and resiliency in communities impacted by previous disasters for future disasters and hazards. Together, these sources of funding help North Carolina communities become safer and more resilient, which are integral components of NCORR's overall mission. The funds work in coordination with one another, not competition.

b. How does this effort, in conjunction with the State Climate Office, assist North Carolinians left without homes from past natural disasters?

The efforts of the Heat Action Plan Toolkit, which was developed by the State Climate Office and supported by the Chief Resilience Officer and Resiliency Office within NCORR, are separate, but interconnected to NCORR's direct disaster recovery portfolio, which includes the ongoing work of the Homeowner Recovery Program. As noted by North Carolina's Enhanced Hazard Mitigation Plan, excessive heat is a dangerous and deadly occurrence in North Carolina and across the United States. In fact, the Centers for Disease Control and Prevention (CDC) has indicated that 618 people on average in the United States are killed by extreme heat every year, representing more deaths than hurricanes, lightning, tornadoes, earthquakes and floods combined.

As the map below highlights, many of the counties with the most heat events from 1996 to 2021 in North Carolina correlate and overlap with the areas where NCORR's Homeowner Recovery Program is actively working to rehabilitate or reconstruct homes previously impacted by Hurricanes Matthew and Florence. As NCORR places families back in their homes and works to serve the remaining households, it is critical that those families return to more resilient communities with all the tools and knowledge necessary to minimize and avoid the impacts of yet another disaster or natural hazard, which include the dangers of excessive heat.



The Resilience Team is primarily funded by the three positions that the NC General Assembly allocated for this effort, and other grant funding. Some CDBG-MIT funding is used to support the work of the Resiliency team, but they are not supported by CDBG-DR, which funds the ReBuild program.

c. Does NCORR acknowledge that safe, well-constructed permanent housing is critical in taking effective precautions against extreme heat?

Yes. As the Heat Action Plan Toolkit highlights, there are a variety of effective precautions against extreme heat that communities may adopt, such as home weatherization and energy efficiency strategies, that will help residents keep their homes cooler and more comfortable during the summer heat. A well-constructed permanent housing structure that leverages such principles and strategies is an effective precaution against extreme heat. All ReBuild construction is done with HUD's green energy certification.


Disaster recovery work is complex and involves a great deal of bureaucracy, but none of that matters if you are a North Carolinian whose life was devastated by one of these historic storms. Our program serves the most vulnerable survivors of these severe weather events, and we are constantly working to improve and speed up our work.

As North Carolina enters yet another hurricane season, it is imperative that NCORR, HUD and Congress work together to help families recover from previous storms and prepare for the next ones. This includes your work to authorize the CDBG-DR program, which is critical to moving funds quickly to the areas that need them. NCORR stands prepared to complete the homes of its current applicants and to respond quickly to any future disasters.

Thank you for your support and please feel free to reach out for further communication and information.

Sincerely,

DocuSigned by:


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Laura H. Hogshead