DISASTER RECOVERY

Better Information Is Needed on the Progress of Block Grant Funds

Why GAO Did This Study

Congress provided about $39 billion to HUD for CDBG-DR and mitigation grants to help communities recover from the 2017 and 2018 hurricanes and wildfires. Seven grantees— California, Florida, North Carolina, Puerto Rico, South Carolina, Texas, and the U.S. Virgin Islands—received over 90 percent of the funds. They generally budgeted more than 50 percent of the CDBG-DR funds to address unmet housing needs.

The Additional Supplemental Appropriations for Disaster Relief Act of 2019 includes a provision for GAO to audit issues related to the 2018 presidentially declared major disasters. This report examines, among other things, (1) the status of the seven grantees' 2017 and 2018 CDBG-DR housing activities, (2) Texas's implementation of its Homeowner Assistance Programs, and (3) the extent to which HUD requires grantees to collect data to manage programs effectively.

GAO analyzed data from HUD and the Texas grantee. GAO also reviewed documentation and interviewed officials from HUD and Texas. GAO focused on Texas in part because it had expended the most funds and plans to focus on other grantees in future work.

What GAO Recommends

GAO is making two recommendations to HUD, including that it require CDBG-DR grantees to collect and analyze data needed to monitor the timeliness of their housing activities and inform corrective actions. HUD agreed with one recommendation and neither agreed nor disagreed with the other, as discussed further in the report.
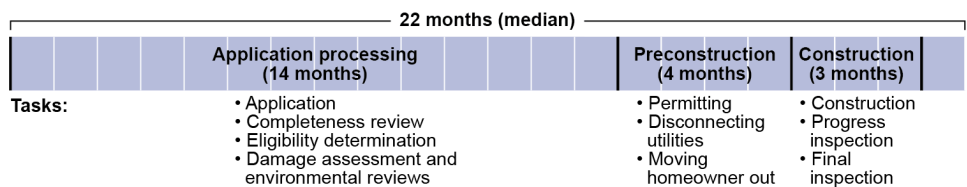
What GAO Found

As of July 2022, the seven states and territories receiving the vast majority of the 2017 and 2018 Community Development Block Grant Disaster Recovery (CDBG-DR) funds had disbursed 28 percent of the $11.9 billion they allocated for housing activities. The grantees' disbursements for housing activities funded with 2017 CDBG-DR funds ranged from approximately 4 percent to 51 percent. The two grantees with the highest disbursement rates for 2017 funds (Texas and Florida) have more recent experience administering CDBG-DR funds.

Texas expects to complete construction for its three Homeowner Assistance Programs by the end of 2023 or early 2024, and to serve about 7,900 homeowners. Texas opened applications for its first and largest Homeowner Assistance Program about 1.3 years after Hurricane Harvey was declared a major disaster. Texas expects that it will take another 4.4 years from then until construction on homes is complete.

GAO's analysis of available data as of August 2022 showed that the application processing and preconstruction phases of Texas's Homeowner Assistance Programs each took longer than construction (see figure). Factors that can significantly affect the length of the application process include the time households take to complete the application and provide required documentation, as well as the time Texas takes to conduct damage assessments and environmental reviews. Data limitations prevented GAO's analysis from pinpointing the duration of some individual process steps.

Texas Homeowner Assistance Program Time Line and Process Steps

Source: GAO analysis of program data. | GAO-23-105295

Note: This time line is for Texas's largest Homeowner Assistance Program. Because the phases' durations are medians, their sum does not equal the total duration.

The Department of Housing and Urban Development (HUD) does not require Texas or other CDBG-DR grantees to collect accurate data on critical milestones. Texas's grant management system resets the date of key application processing milestones when an application has to repeat a step, which results in unreliable data for tracking those milestones. This limits Texas's ability to determine the true duration of individuals steps. Further, a HUD-funded 2019 study on the timeliness of CDBG-DR housing activities found that all but one grantee in the study faced challenges in developing a grant management system, which caused delays in program implementation. By requiring grantees to collect and analyze timeliness data, HUD could better ensure that its grantees identify problem milestones and take corrective actions.