



**STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT**



JOSH STEIN
GOVERNOR

KRISTIN WALKER
STATE BUDGET DIRECTOR

May 6, 2025

TO: Joint Legislative Commission on Governmental Operations
FROM: Kristin Walker, State Budget Director *Kristin Walker*
SUBJECT: OSBM NCORR Monthly Report for the period ending March 31, 2025

Purpose

Pursuant to SL2024-57 and SL2025-2, the Office of State Budget and Management (OSBM) is responsible for providing monthly reports for the financial monitoring of the North Carolina Office of Recovery and Resiliency (NCORR)'s programs. OSBM's responsibility includes providing budget, expenditures, and obligations related to federal and state funds allocated for disaster recovery efforts stemming from Hurricanes Matthew and Florence, as well as Tropical Storm Fred.

Scope

This financial monitoring function does not constitute an audit of information provided by NCORR or data obtained from systems supporting NCORR operations. Rather, financial monitoring is an ongoing process used to track financial and / or operational performance to ensure activities are proceeding as planned. OSBM financial monitoring includes reviewing financial information from the North Carolina Financial System, Salesforce reports, weekly HRP snapshots, and other information provided by NCORR. OSBM's financial monitoring activities commenced in November 2024. Therefore, financial information prior to that date was not validated or verified. Further, due to significant turnover, current NCORR financial staff are making significant changes to the financial records (e.g., reclassifying incorrect transactions). Consequently, OSBM expects that future monthly reports may have differences in format and content.

On the following pages you will find financial information for each NCORR program or activity. Data provided is the budget amount (as derived from applicable federal grants and state appropriations), cumulative expenditures, and obligations through the end of each reporting month. "Funds Available" reflects the remaining unobligated balance within each program.

Mailing address:
20320 Mail Service Center
Raleigh, NC 27699-0320

www.osbm.nc.gov
984-236-0600 ** FAX: 984-236-0630
An EEO/AA Employer

Office location:
2 South Salisbury Street
Raleigh, NC 27601

Homeowner Recovery Program (HRP)

The HRP provides assistance to repair, rebuild, replace or elevate homes damaged by Hurricanes Florence and Matthew or to provide reimbursements for completed repairs.

The original HRP federal budget was \$708,483,494 (per NCORR / Disaster Recovery Grants Reporting (DRGR)). In October 2024, NCORR presented a request to the NC General Assembly for supplemental state funding as the entirety of the federal grants had been exhausted or obligated. In conjunction, NCORR obtained HUD approval to transfer approximately \$44 million from other programs to be used to continue to build eligible homes. As of November 2024, the remaining federal budget for HRP was \$45,896,867 which included the HUD approved transfer and residual Matthew and Florence funds. Since November 2024, the NC General Assembly has appropriated a total of \$297 million in general fund dollars to complete the program. These funds were placed in the Disaster Relief Reserve, and as part of OSBM's financial oversight, OSBM approves weekly expenditures based on NCORR invoices. State general fund funds are used to pay general contractors, expenses associated with temporary relocation assistance, and administrative costs. Obligations consist of unpaid balances on awarded contracts, flood insurance, and other costs in support of the program.

| Homeowner Recovery | |
|--|-----------------|
| November 1, 2024 - March 31, 2025 | |
| Federal Budget | \$45,896,867 |
| State Budget | \$297,000,000 |
| Total Budget | \$342,896,867 |
| Expenditures | (\$109,836,295) |
| Federal Fund Balance | \$16,060,572 |
| State Fund Balance | \$217,000,000 |
| Total Fund Balance | \$233,060,572 |
| Obligations | (\$233,060,572) |
| Funds Available | \$0 |

Community Development

NCORR's Community Development program provides resources to assist communities in rebuilding smarter and stronger after major disasters. By creating affordable housing and strengthening infrastructure, storm impacted communities can become more resilient and prepare for future storms. NCORR's Community Development program consists of several distinct activities such as Affordable Housing Development, Homeowner Assistance, Housing Counseling, Public Housing Restoration and Infrastructure Recovery. Most of the expenditures and obligations in Community Development are subrecipient contracts to smaller government units to assist in recovery efforts in their respective areas.

The total federal budget for Community Development was \$183,259,398 (per NCORR / DRGR). No state general fund funding has been appropriated to supplement these programs.

NCORR is in the process of transferring oversight of Community Development to another state agency. OSBM has reviewed the mechanisms used by NCORR to track Community Development projects and spending. The records include each subrecipient award amounts, as well as disbursements and unspent funds.

| Community Development | |
|------------------------------------|-----------------|
| Inception to March 31, 2025 | |
| Federal Budget | \$183,259,398 |
| Expenditures | (\$67,581,543) |
| Federal Fund Balance | \$115,677,855 |
| Obligations | (\$109,243,745) |
| Funds Available | \$6,434,110 |

Back@Home

Back@Home focuses on reducing unsheltered and rural homelessness within the 79 county NC Balance of State Continuum of Care area. Services provided are housing stabilization, including case management and outreach, and financial assistance such as rent and utility assistance.

The total federal budget for Back@Home was \$52,356,232 (per NCORR / DRGR).

NCORR is in the process of transferring Back@Home to the Department of Health and Human Services.

| Back @ Home | |
|------------------------------------|----------------|
| Inception to March 31, 2025 | |
| Federal Budget | \$52,356,232 |
| Expenditures | (\$20,879,473) |
| Federal Fund Balance | \$31,476,758 |
| Obligations | (\$31,476,758) |
| Funds Available | \$0 |

Strategic Buyout

Funds within Strategic Buyout are used to purchase properties deemed to be at the greatest risk for future storm damage. The acquired properties are cleared and permanently maintained as green space by the respective local governments.

The total federal budget for Strategic Buyout was \$35,103,334 (per NCORR / DRGR). No state appropriations supplement the program.

Strategic Buyout has been sunset by NCORR to use available funding to support the HRP. Previously approved buyout projects may be revisited after HRP is complete or if Emergency Management (transfer agency) chooses to complete the purchases.

| Strategic Buyout | |
|------------------------------------|-----------------------|
| Inception to March 31, 2025 | |
| Federal Budget | \$35,103,334 |
| Expenditures | <u>(\$32,824,057)</u> |
| Federal Fund Balance | \$2,279,277 |
| Obligations | <u>(\$1,712,087)</u> |
| Funds Available | \$567,190 |

Other Housing / Flood Insurance

These are home recovery projects that were deemed ineligible for HRP under federal guidelines. The projects are administered through DPS and funded by the Florence Disaster Recovery Fund.

Notwithstanding amendment to SL2025-2 Section 2B.2.(a1), these projects will be unfunded, and applicants will be involuntarily withdrawn from the program.

Sufficient funding remained in the Florence Disaster Recovery Fund to complete these projects.

| Other Housing / Flood Insurance | |
|--|----------------------|
| Spring 2023 to March 31, 2025 | |
| State Budget | \$12,450,000 |
| Expenditures | <u>(\$2,613,509)</u> |
| State Fund Balance | \$9,836,491 |
| Obligations | <u>(\$8,470,995)</u> |
| Funds Available | \$1,365,497 |

Resiliency

NCORR partners with local governments, state agencies, and community organizations to help NC better understand how our systems interact with nature and how we can better prepare for future storms. Resiliency is funded with a combination of state general fund appropriations and a small corporate grant. Resiliency funding is primarily used for salaries for 7 FTEs and is funded via a \$2 million nonrecurring appropriation from the Florence Disaster Recovery Fund. SL 2025-2 requires a transfer of unexpended funds in the Florence Disaster Recovery Fund to the Savings Reserve and thus funding for these positions will be eliminated unless that session law is amended.

The program is currently being transferred to the Department of Environmental Quality. Once at DEQ, the Resiliency team will continue to administer three projects from the Mitigation Grant funding using a subrecipient agreement with NCORR/DPS.

| Resiliency | |
|------------------------------------|---------------|
| Inception to March 31, 2025 | |
| State Budget | \$2,398,210 |
| Other Budget | \$125,000 |
| Total Fund Balance | \$2,523,210 |
| Expenditures | (\$2,079,627) |
| State Fund Balance | \$428,425 |
| Other Fund Balance | \$15,158 |
| Total Fund Balance | \$443,583 |
| Obligations | (\$328,826) |
| Funds Available | \$114,757 |

Administration and Planning

Administration and Planning funds provide support to all NCORR programs and operations. Administration includes typical overhead expenses such as salaries and IT expenses that are not specifically allocated to a program. Planning is the broad pre-work done to ensure the grant dollars will be spent effectively when solutions are implemented. Administration and Planning dollars are allocated across all grants (Matthew, Florence, Mitigation, TS Fred). OSBM has not reviewed or audited the allocation plans other than to monitor whether the overall funding appears to be sufficient to maintain these functions through closeout.

| Administration and Planning | |
|------------------------------------|----------------|
| Inception to March 31, 2025 | |
| Federal Budget | \$70,198,774 |
| Expenditures | (\$49,923,597) |
| Federal Fund Balance | \$20,275,177 |
| Obligations | (\$6,672,093) |
| Funds Available | \$13,603,085 |

State Loans and Grants

NCORR made loans and grants to local governments to assist in disaster recovery. The loans and grants were funded from the Florence Disaster Recovery Fund per SL2018-138, SL2019-224 and SL2019-250. The respective local governments did not request the full amounts of the approved loans, and all local agreements are now closed.

| State Loans and Grants | |
|------------------------------------|-----------------------|
| Inception to March 31, 2025 | |
| State Budget | \$44,000,000 |
| Expenditures | <u>(\$41,218,194)</u> |
| State Fund Balance | \$2,781,806 |
| Obligations | <u>(\$0)</u> |
| Funds Available | \$2,781,806 |