

To: Joint Legislative Commission on Governmental Operations Subcommittee on Hurricane Response and Recovery

From: HORNE LLP

Date: September 9, 2022

Re: Information Requested for Hearing on September 14, 2022

HORNE LLP (HORNE) thanks the Subcommittee for its inquiry and efforts to better the recovery process for North Carolinians. Our disaster recovery team is comprised mostly of those who have personally survived a natural disaster and our passion is to deliver aid and recovery to communities across the country. We appreciate the opportunity to serve NCORR and the local communities within North Carolina.

CDBG-DR programs are complex and provide long-term solutions deliberately. These programs are unlike FEMA's response programs and require different skill sets, operational plans and universally take much longer to execute and complete. Many of these timelines are driven by the regulatory framework governing the activities and the compliance policies enforced by HUD regarding the same. NCORR endeavored to develop a robust and effective Homeowner Recovery Program (HRP) and HORNE appreciates the opportunity to serve NCORR in its efforts to deliver ReBuild NC's Homeowner Recovery Program. We applaud the achievements realized by NCORR in its delivery of the HRP as thousands of North Carolinians have moved forward in their recovery journey.

The Governmental Operations Subcommittee has requested information from HORNE regarding HORNE's role in the recovery efforts in the state of North Carolina following Hurricanes Matthew and Florence. Below are HORNE's responses to the questions received from the Subcommittee. Should additional information be helpful, HORNE would be pleased to accommodate such requests.

1. An overview of HORNE's experience and responsibilities with hurricane recovery in North Carolina and other states.

HORNE has provided Project Management for the implementation of CDBG-DR funds in North Carolina through the Rebuild NC Program for citizens of North Carolina affected by

Hurricane Matthew in 2016 and Hurricane Florence in 2018. HORNE is responsible for only Steps 1 through 5 of the Rebuild NC 8 step application process and the coordination of providing Temporary Relocation Assistance (TRA). HORNE's specific responsibilities within Steps 1-5 included applicant intake, eligibility determination, Verification of Benefits determination, damage inspection, asbestos inspection, lead based paint inspection, if applicable, environmental review and approval, award determination and approval, applicant grant signing, appeals, and TRA.

HORNE has experience with hurricane recovery in multiple states, including in North Carolina for Hurricane Matthew Program Management initially for Robeson County and the City of Fayetteville before expanding to the rest of eligible counties for Matthew and Florence. We have led CDBG-DR disaster recovery housing programs in Mississippi, South Carolina, Florida, the USVI, Puerto Rico, New York, and Texas. South Carolina is the top performing housing program in CDBG-DR history moving faster than any other program and serving thousands ahead of schedule with zero recapture events or compliance problems. HORNE is proud to continue its support of South Carolina's accomplishments as well as other states such as Florida's Hurricane Michael program. Florida's Hurricane Michael program is the fastest and most successful CDBG-DR housing program in the state's history. In total, HORNE has supported the administration of more than \$45 Billion in CDBG-DR program activities throughout the country.

2. Information on policy or procedure recommendations made by HORNE to NCORR, how these recommendations aligned with industry best practices, and how these recommendations were or were not implemented by NCORR.

HORNE team members made numerous attempts to recommend best practices (industry, community engagement and/or program implementation) to NCORR based on successful outcomes in previous programs in North Carolina (Robeson County and the City of Fayetteville) and other states, however, those recommendations were not always well received and rarely implemented by NCORR. Many of HORNE's attempts to provide feedback or warn NCORR leadership of the impacts that their policy and procedural changes would have on applicants and/or staff were met with criticism. Recommendations which were not adopted are too numerous to list. They range from requesting that the HORNE team have direct communication with the Construction Liaisons in order to improve applicant experience, reduce the number of outreach attempts to verify documentation in the Duplication of Benefits process (consistent with other state models) to speed up Step 3, and to be allowed to more directly address applicant concerns, to recommendations regarding environmental reviews in order to facilitate moving applicants more quickly through the process.

3. An overview of the role of HORNE in RebuildNC's 8-step application process.

HORNE had a role in each of the 8-step processes, although the role was limited to only case management updates in Steps 6 and 7 as the delivery of those steps were handled by a separate well-qualified contractor serving at the direction of NCORR.

Step 1. Application- The applicant completes and submits an application for assistance. Through this process, HORNE provides an intake specialist to assist the applicant. The application is uploaded to the system of record (Salesforce) and submitted to a HORNE case manager for review. The case manager contacts the applicant for any missing vital information and documentation; once the application process is completed, the application is submitted to Step 2 of the program.

Step 2. Eligibility Determination- HORNE eligibility specialist reviews and determines the applicant's eligibility. This review includes: income, ownership of the property at the time of the storm, tie-back, primary residency, and occupancy. HORNE's eligibility specialist also reviews the file for ineligibility. Once eligibility is satisfied, the application moves to Step 3 of the program.

If an applicant is deemed ineligible for the program, the eligibility specialist creates the letter notifying the applicant of ineligibility and mails it to the applicant.

Step 3. Verification of benefits (VOB) / Duplication of Benefits (DOB) review- HORNE VOB specialist reviews the file for any previous assistance received; this would also include 3rd party reviews. Previous assistance consists of homeowners insurance, NFIP, SBA, and FEMA-IA assistance. The VOB specialist updates this information in the system of record under the applicant's file.

Step 4. Damage inspection, ABS inspection, LBP inspection, and Environmental review- HORNE provides oversight to the sub-contractor Dewberry, which includes the scheduling of inspections and verifying that the ECR and DRV's were uploaded in the system of record and complete. HORNE monitors the inspection page, provides LBP letters to applicants, and assists with scope revisions and SME reviews. The HORNE environmental team prepares Tier II reviews and re-evaluations of the Tier II documents, prepares the files for the State Historic Preservation Office (SHPO) and any historic conservation needed, requests elevation certificates for the applicants in a 100-year floodplain, and completes the 8-step process providing publication to local communities.

Step 5. Award determination, Appeal, and Grant Signing. HORNE's award specialist verifies and calculates the applicant's award determination; once determined, the award specialist sends the applicant's determination letter. If the applicant accepts, the HORNE grant specialist is notified, and a grant signing event is conducted. If the applicant does not accept the award determination, the applicant can appeal this decision. The HORNE appeal team works with the applicant to obtain any information needed. A HORNE SME then reviews the appeal and provides an outcome of the appeal once approved by NCORR.

Step 6. Pre-construction- TRA- Once a file is moved to Step 6 and approved for TRA, the HORNE TRA specialist is responsible for the applicant's storage and moveout process. If the applicant needs hotel accommodations, the HORNE TRA specialist recommends hotels in the applicant's vicinity. The TRA specialist also works closely with the POD storage company to ensure the applicant's home is cleared before construction starts and secured. The TRA specialist also works closely with the client on the billing process. TRA specialists also review and submit TRA invoices, handle TRA signing events and emergency moveouts.

HORNE does not have any control or input regarding the construction scheduling, process or completion. Our responsibility is to coordinate TRA benefit if needed by the applicants, but we do not have the ability to influence how long an applicant will remain in temporary housing.

Step 7. Construction- HORNE case managers provide monthly updates and support to applicants and communicate any questions or concerns the applicant may have to the construction liaison team or the HORNE TRA specialist.

Step 8. Closeout (construction Complete)- HORNE case managers assist applicants with any finished construction concerns and warranty issues.

4. An overview of the processes, procedures, and practices that were in place to facilitate communication between (1) HORNE and applicants, (2) HORNE and general contractors, (3) HORNE and NCORR, and (4) HORNE and AECOM.

Communication between HORNE and applicants was primarily done through the applicant's assigned case manager; the PMO specialist would task any request for documentation to the case manager depending on which Step the applicant was currently in. There were two relevant Standard Operating Procedures (SOPs): Intake & Case Management and Withdrawals which provided guidance to case managers regarding communicating with applicants. Earlier versions of these documents required case managers to contact

applicants once every 30 days. However, recognizing the need for more regular and substantive communication between HORNE case managers and applicants, the HORNE team implemented more regular communication standards ranging from at least 1-2x per week, biweekly or monthly depending on what Step the applicant was in the process and/or if the Applicant needed additional support to move forward in the program. Case managers were also instructed to utilize multiple communication methods to reach out to applicants and keep them informed: calls, standard mail, emails, text messages, fax, etc. Case managers were also encouraged to ask and utilize the applicant's preferred communication method. Applicants in Step 5 would be contacted by the award specialist directly for an award consultation, and the grant specialist would contact those applicants ready for a grant signing.

Communication between HORNE and general contractors was entirely conducted through the Program Delivery Office which was comprised of NCORR's team and its Program Delivery vendor.

Communication between HORNE and NCORR was conducted through management between both parties. Each department lead at HORNE had a complimentary lead at NCORR. The communication channels were very rigid until these last 3 months. HORNE was expressly required to follow NCORR's chain of communication.

Communication between HORNE and AECOM was conducted through the construction hold spreadsheet. HORNE was discouraged from communicating with AECOM directly and expressly required to focus its service in Steps 1-5 allowing AECOM and NCORR to manage Steps 6-8.

HORNE notes that this is not standard practice in other HORNE projects. Elsewhere (South Carolina, Florida, Texas, Puerto Rico, and California), HORNE has constant daily communication with construction management vendor teams. This different model is most effective given the dynamic nature of construction projects. Applicants are best served when communication is fluent and encouraged rather than siloed.

5. Insight into key obstacles or challenges related to the timely movement of applicants through the process.

HORNE lists below several factors which negatively impacted the speed of progressing applicants through the program:

- a) It took nearly 1 year for NCORR to finalize and approve the ineligibility process and the accompanying SOP.
- b) Various steps of the application process were incomplete or not ready (no SOP, Salesforce buildout was incomplete, etc.) when Phase II first launched in June 2020, yet NCORR kept encouraging people to apply to the program. Phase II of the program is the second stage of NCORR's Single Family Housing/Homeowner Recovery Program that enabled applicants impacted by Hurricane Florence, as well as Matthew, to apply for assistance.
- c) Policies were unnecessarily changed between Phase I and Phase II. For example, HORNE recommended that for applicants who could not prove storm damage, HORNE be allowed to use the FEMA data set showing real property damage, which was allowed during Phase I. This was never approved during Phase II, and would have saved some applicants months of time as they had to request the FEMA data report packets individually and wait for the information to be mailed.
- d) NCORR elected to continuously update its program manual which is unusual in these programs. Usually, once finalized a program manual is updated for HUD-required updates or other minor reasons and done so in 30 days or less. Updates to NCORR's program manual and the implementation of the same often required months. During this interim time, NCORR required applicants to be paused in their current step and not allowed to move forward until the next iteration of the program manual was approved. As an example, in 2020 NCORR decided to update the program manual for the fifth time since 2019. Accordingly, many applicants were on hold for at least 7-8 months due to this implementation and approval of program manual version 5.
- e) Applicants would often remain in steps for above-referenced reasons. When this occurred, the documents provided became outdated. NCORR then required HORNE to request that applicants provide new or updated documents which caused further delays in the applicants' progress.
- f) NCORR placed tight restrictions on what information the Case Management team could provide applicants during updates which frustrated applicants and case managers alike. HORNE was instructed to read the applications in the system of record in order to be knowledgeable about the application and any obstacles, but were told to use generic "holding statements" when communicating with the applicants. We were not allowed to provide applicants with a robust update or even mention that their application was waiting on a determination from NCORR.
- g) When Case Management team members identified roadblocks or asked for updates from NCORR, the wait time for a response was very long or no response was provided.

The HORNE team recognizes that it is not privy to all considerations facing a responsible agency and that NCORR has endeavored to improve since the above-listed circumstances existed. HORNE continues to collaborate with NCORR to review processes on an ongoing basis to identify opportunities to streamline or adjust in response/anticipation to changes.

6. The effect of unanticipated challenges, including the COVID-19 pandemic, on the delivery of the construction management services.

The COVID-19 pandemic brought a significant impact to the program. Applicants had to quarantine, ReBuild offices were closed, and construction stopped. Supply decreased and demand increased, and imports of construction materials stopped. Given that HORNE was not responsible for construction management, it cannot provide insight related to this inquiry.

7. The mechanisms in place to ensure timely completion of projects, including monitor general contractors and reporting structure and frequency.

Some of the mechanisms to ensure the applicants moved forward were providing documents through email, zoom, and DocuSign; this worked exceptionally well for the Awards and Grants team, who would conduct signing events through DocuSign and zoom calls. This enabled HORNE to move applications efficiently through to Step 6 pre-construction. HORNE, however, was not responsible for activity related to general contractors so it is unable to opine or provide insight in detail related to general contractors reporting structure, etc.

Reports were created in each step of the program in Salesforce. HORNE's visibility was limited to these reports but they allowed us to provide up-to-date live data of each application and its progress through the full 8 step process.

8. In your opinion, why are displaced CDBG-DR applicants unable to return to their homes in a timely manner?

Construction delays exist due to pandemic related supply chain issues, including shortages in materials, transportation, & labor, amidst rising costs outpacing what's allowable via policy. Manufactured homes are also impacted by this issue, which makes up a large portion of our applicant's structure type.

Apart from the pandemic, the program was too complex; instead of pushing applicants through basic eligibility that meets HUD's requirements, many unnecessary items and documents were required of applicants, which could delay the applicant's approval for

months. An example of this would be New Construction (relocation); these applicants lived in MHUs on leased land, the MHUs were destroyed, and for various reasons the applicants could not return to the original damaged property, such as the landowners sold the property, The process was far too long, and many of these applicants were required to secure lots, which many had to pay for while renting other accommodation. This was not only a burden on the applicant, but it could also take up to a year to process their request and approval. The Intake process was very long and cumbersome; requiring the Applicants to complete and/or provide almost 20 pages of forms and documentation. This requirement stayed in place for almost 2 years. Recently, NCORR reduced the number of documents that applicants have to provide at intake demonstrating that not all of them were needed to move an applicant through the Program.

Some of NCORR's quality control measures/processes were redundant and overkill, because they focused on minutiae (when, where how to put an abbreviated title or street type abbreviation) and not critical errors—things that would actually prevent an applicant from moving forward in the program or addressing an Emergency Repair. The Emergency Repair process was complex and changed at least 5 times since the launch of Phase II.

There were also issues of applicants being signaled to move-out based on initial construction schedules that would change after move-out processes began/completed. One example for this would be GCs deeming parcels or structures as unsuitable for intended construction path in comparison to the damage inspection's findings some months prior.

9. Did NCORR restrict your ability to communicate with the construction management personnel?

Yes, HORNE was not allowed to communicate with construction management. The only access given was through a shared excel spreadsheet. Additionally, HORNE was not allowed to communicate with other state agencies.

10. If so, how did this affect your performance with regards to project completion?

Information provided on the shared spreadsheet was inaccurate, or when the HORNE team supplied answers, the construction team did not understand the information. As a result, applicants could be placed on hold for months.

The Case Management team was limited in its ability to provide substantive updates and support to applicants, because the team was only allowed to provide applicants with the Construction Hotline number and/or refer them to their Construction Liaisons (CLs) when they had questions or warranty issues. The Case Management Team was also relegated to relaying applicant concerns via Construction Inquiries in Salesforce. This, along with NCORR's restrictions on what case managers could communicate to applicants, made it difficult to know what case managers were allowed to tell applicants about their construction project or warranty concerns.

The Case Management team articulated difficulty getting responses from both the Construction Hotline (which changed numbers multiple times) and the CLs to NCORR. The AECOM Project Team Leads were not always responsive to escalations from the Case Management Lead or Case Management Manager. Additionally, the Project Team Leads would leave the project without notifying us of their departure or providing us a new POC. After NCORR took over construction management, the communication issues continued. The Case Management team was not provided information about the new Construction Liaisons or with a POC for escalations. When the Escalations Lead (EL) reached out to two of NCORR's Applicant Services Liaisons (ASLs) for assistance with addressing an escalated incident involving a member of the Construction team in late April 2022, the EL received pushed back from the ASLs and was never directed to anyone for assistance. The Case Management Manager had to escalate the matter to the Applicant Services Director for assistance.

11. In your opinion, should construction and program management services be an integrated role?

Yes; projects in which these services are integrated or at least the parties are given access to each other work very well. HORNE has worked on several projects where both groups were combined. Integrating these services helps with accurate status updates for the applicants and the construction crew and allows the construction process to run smoothly by giving the team access to the applicant's case manager and specialist, who can provide updated, accurate information if needed. The program would benefit from being less siloed and more collaborative in its work to help applicants return to their homes.

12. Was NCORR receptive to hearing your concerns and suggestions? Please provide some examples.

In recent months, NCORR has been more receptive to hearing concerns and suggestions offered by HORNE. However, for much of HORNE's service to NCORR from 2019- May 2022, they were not receptive to hearing recommendations, concerns, suggestions or feedback.

NCORR did not heed HORNE's warnings on how their decisions might impact applicants and staff. As discussed in response to Question No. 2 above, many concerns and suggestions were dismissed. As an example, HORNE has always been concerned about communication with applicants. Program applicants are not familiar with any of the processes and are dealing with the devastation which necessitated the program in the first place. After expressing these concerns to NCORR, HORNE was prevented from offering assistance or guidance to applicants beyond what was specifically outlined in the SOPs and job aids. Specifically, team members were not allowed to refer applicants to other state agencies or organizations that could potentially assist in emergency situations (individuals living in cars, safety concerns, etc).

The HORNE team also made suggestions for streamlining document collection in order to relieve some of the burden from applicants which were not adopted. Steps 1-3 would have been expedited for applicants if NCORR would have adopted HORNE's recommendations. HORNE's environmental experts have decades of experience and successful CDBG-DR leadership experience. We offered our team's expertise on numerous occasions. HORNE's environmental team provided examples of streamlined processes that have been approved by State Historic Preservation Offices (SHPO) in other states and utilized since early 2021 to expedite the environmental review process for housing recovery programs. These streamlined processes were developed in direct collaboration with the individual SHPO offices, and have enabled thousands of cases to move through the Section 106 process, and onto environmental completion in just a year and a half, fast-tracking these applicants. This recommendation was presented to NCORR who declined to utilize this process for their Program.