

# United States Senate

WASHINGTON, DC 20510

April 30, 2025

The Honorable Stephen M. Begg  
Acting Inspector General  
Office of Inspector General  
U.S. Department of Housing and Urban Development  
451 7<sup>th</sup> Street SW  
Washington, D.C. 20410

Dear Acting Inspector General Begg:

We write today to request a review of the U.S. Department of Housing and Urban Development's (HUD) recent actions to terminate contracts, reduce the HUD workforce, and alter program requirements for the \$12.039 billion in Community Development Block Grant Disaster Recovery (CDBG-DR) funding provided to help communities rebuild after natural disasters.<sup>1</sup> Specifically, we ask the HUD Office of Inspector General (HUD OIG) to determine the impact of HUD's decisions on its grantees' ability to access CDBG-DR funding to effectively serve communities in need and the efficacy of HUD's approach to managing and communicating those changes to key stakeholders.

Communities across the country experienced significant natural disasters in 2023 and 2024. States across the South—including Florida, Tennessee, North Carolina, South Carolina, Virginia, and Georgia—were devastated by Hurricanes Milton and Helene, while Alaska, Louisiana, New Mexico, Pennsylvania, and Illinois experienced severe storms. States in the Northeast—including, Vermont and Massachusetts—faced life-threatening floods, while states in the West—including California, Washington, and Hawaii—saw catastrophic wildfires. Many communities waited for months—and in some cases years—to know whether any additional support would be available to permanently rebuild their homes and businesses, and in December 2024, Congress appropriated \$12.039 billion in emergency supplemental CDBG-DR funding for those communities.<sup>2</sup>

The timely delivery of disaster recovery resources has been one of the HUD OIG's top areas of concern for years, given the scale of the program and the unique challenges created by the

---

<sup>1</sup> U.S. Department of Housing and Urban Development, Office of the Deputy Secretary, "Revisions made to the Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees," March 19, 2025,

<https://www.hud.gov/sites/default/files/CPD/documents/CPDUniversalnotice.pdf>.

<sup>2</sup> Public Law 118-158, Division B – Disaster Relief Supplemental Appropriations Act, 2025, <https://www.congress.gov/118/bills/hr10545/BILLS-118hr10545enr.pdf>.

program's lack of permanent authorization and regulations.<sup>3</sup> Historically, HUD has needed to establish program requirements for each unique appropriation through Federal Register notices that are constantly subject to change, adding confusion and complexity to grantees' recovery efforts. As the HUD OIG's most recent report on top management challenges highlighted, the Biden Administration made "meaningful progress" to provide "increased transparency, consistency and more timely access to CDBG-DR funds."<sup>4</sup> On January 7, 2025, HUD issued the "Universal Notice" to serve as the consistent guidance that the HUD OIG and grantees across the country have asked for. HUD developed trainings, templates, and interactive guidebooks to support communities, and many grantees were able to quickly move forward with community engagement and development of action plans.

At his confirmation hearing, Secretary Turner stated that getting the CDBG-DR funds out to communities was a "top priority" for him. However, his actions have not matched that stated commitment. The last three months have been marked by chaos, confusion, and poor communication with the people and communities that rely on this funding the most. Nearly a quarter of HUD's workforce has either been terminated or resigned through the Deferred Resignation Program, and with that, HUD will lose immeasurable institutional and operational know-how needed to execute its programs. On March 19, HUD announced updates to CDBG-DR funding requirements "to align requirements with the President's executive orders,"<sup>5</sup> which principally undercut anti-discrimination requirements and increase the chances of waste, fraud, and abuse by not requiring grantees to adequately account for future disaster risk. On March 31, HUD issued yet another set of revisions to the Universal Notice it had already revised earlier in the month,<sup>6</sup> and in recognition of the setback these changes would represent for grantees, HUD granted a 60-day extension for grantees to its action plan submission deadline. Furthermore, grantees who were already in the process of developing CDBG-DR action plans have had to scramble to sort through what already-completely work would now have to be re-done, and in many cases, without the trainings, technical assistance, and staff support that should be provided by HUD with the funds appropriated by Congress.<sup>7</sup>

With the haphazard way in which the recent Universal Notice have been revised multiple times and rolled out, we are back to a world where a great onus is on grantees to sort through a web of

---

<sup>3</sup> U.S. Department of Housing and Urban Development, Office of the Inspector General, "CPD Could Improve the Timing and the Delivery of Disaster Recovery Funding," December 15, 2023, <https://www.hudoig.gov/sites/default/files/2023-12/2024-FW-0002.pdf>.

<sup>4</sup> U.S. Department of Housing and Urban Development, Office of Inspector General, "Top Management Challenges Facing the U.S. Department of Housing and Urban Development, Fiscal Year 2025," October 15, 2025, [https://www.hudoig.gov/sites/default/files/2024-10/hud-oig-fy-2025-tmc-report\\_final\\_508.pdf](https://www.hudoig.gov/sites/default/files/2024-10/hud-oig-fy-2025-tmc-report_final_508.pdf).

<sup>5</sup> U.S. Department of Housing and Urban Development, Office of the Deputy Secretary, "Revisions made to the Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees," March 19, 2025, <https://www.hud.gov/sites/default/files/CPD/documents/CPDUniversalnotice.pdf>.

<sup>6</sup> U.S. Department of Housing and Urban Development, Office of the Deputy Secretary, "Revisions made to the Common Application, Waivers, and Alternative Requirements for Community Development Block Grant Disaster Recovery Grantees: The Universal Notice published in the Federal Register (90 FR 1754)," March 31, 2025, <https://www.hud.gov/sites/default/files/CPD/documents/CDBG-DR/3-31-2025UniversalNoticeChangesMemo.pdf>.

<sup>7</sup> Public Law 118-158 made \$45 million available for salaries and expenses for the oversight of CDBG-DR funds and \$25 million available for technical assistance. <https://www.congress.gov/118/bills/hr10545/BILLS-118hr10545enr.pdf>.

constantly changing requirements – a huge step backward on the progress made to improve the CDBG-DR program.

To help us better understand the impact of HUD's recent actions, we ask the HUD OIG to conduct a review that addresses the following questions:

1. How has the Administration's hiring freeze and workforce reduction efforts, including termination of probationary employees and deferred resignations, impacted HUD's capacity to effectively manage the CDBG-DR program and prevent fraud, waste, and abuse within the program?
2. To what extent, have travel, technical assistance, and other contracts supporting the CDBG-DR program been terminated or interrupted? What is the approximate cost of such interruptions, with respect to outlay of federal funds, duplication of effort, and delayed execution?
3. To what extent have grantees been able to receive clear and timely responses to their questions?
4. What analysis, if any, did HUD conduct on the potential for delays in the availability of CDBG-DR funding as a result of changing eligibility requirements? If no analysis was conducted, why not?
5. Did HUD's decision to alter CDBG-DR eligibility requirements, and the requirement changes themselves, comply with all federal laws and regulations and agency policies and procedures?
6. What impact, if any, will the eligibility changes have on state and local communities' ability to use CDBG-DR funds to:
  - a. Improve resilience and rebuild communities to better withstand future natural disasters?
  - b. Help historically underserved and low-income communities recover from 2023 and 2024 disasters?
  - c. Solicit and incorporate community input on disaster recovery efforts?
  - d. Utilize funding in a manner that complies with all relevant civil rights, fair housing, and other federal and state laws?
7. What suggestions for improvement or corrective action does the HUD OIG have for any actions that may have increased the likelihood of fraud, waste, and abuse, and the way in which HUD has managed the Universal Notice revision process?

We appreciate your prompt attention to these concerns.

Sincerely,



---

Elizabeth Warren  
Ranking Member  
Committee on Banking, Housing, and  
Urban Affairs  
United States Senate



---

Patty Murray  
Vice Chair  
Committee on Appropriations  
United States Senate