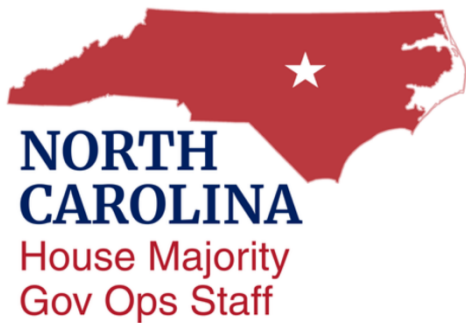


# North Carolina Office of Recovery and Resiliency Unkept Promises to Eastern North Carolina

Report of the  
Joint Legislative Commission on Governmental Operations  
House Majority Staff  
July 2025



## Key points

- **Lack of leadership:** NCORR's failures start with a lack of involvement, leadership, and accountability in the Governor's Office.
- **Risk aversion:** NCORR designed its rules and processes to not risk having the federal government reclaim spent money, which led to local permitting problems, supply delays, and higher costs for individual homes.
- **Mission creep:** NCORR took on or was given tasks unrelated to the core mission of getting people home—from emergency rental assistance during the pandemic to resiliency planning for communities and upgrading the condition, energy efficiency, and storm resiliency of each new or rehabilitated home.
- **Bad budgeting:** NCORR failed to budget correctly, so pledged \$209 million to affordable housing projects, buyouts of the most flood-prone homes, and community resiliency policy reports. Only in August 2024 did NCORR discover it needed more than \$300 million to complete promised renovation and reconstruction projects for 1,759 unfinished homes.
- **Far-reaching impact:** The result has been universal frustration. Homeowners have lived in hotels or damaged homes for years waiting for work to be completed. Some of them will still not have work completed before NCORR closes shop in early 2026. The General Assembly provided \$297 million between October 2024 and March 2025 amid pressing needs from Hurricane Helene's devastation in western North Carolina.

## Introduction

The North Carolina Office of Recovery and Resiliency (NCORR) was created to help repair or replace homes damaged by Hurricane Matthew in 2016 or Hurricane Florence in 2018. Lack of leadership and accountability, starting with Gov. Roy Cooper's inattention, undermined good intentions. Applicants progressed in the program without a clear path to recovery. Director Laura Hogshead's stated desire to ensure North Carolina did not risk having to repay funds by running afoul of federal rules led to the agency making promises it could not keep while failing on its fundamental duties.

## Failing on fundamentals

### Lack of leadership and accountability

**GOVERNOR'S OFFICE:** Gov. Cooper deliberately kept himself out of the process. For example, Hogshead could not provide examples of Cooper asking questions or otherwise engaging in meetings. On the crucial question of accepting applications until April 27, 2023, more than 4½ years

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after Hurricane Florence and 6½ years after Hurricane Matthew, Hogshead testified only that “someone in the Governor’s Office” demanded the extension. NCORR received 767 new applicants in the final three months between January 26 and April 27.

**DEPARTMENT OF PUBLIC SAFETY:** Secretary of Public Safety Erik Hooks also kept his distance. Hogshead worked with Emergency Management Director Mike Sprayberry, then with DPS Chief of Staff Jane Gilchrist, but Hooks had almost no involvement with NCORR. After Sprayberry left, nobody at DPS held NCORR accountable, assisted in its mission, or provided administrative support.

Without Sprayberry, Hogshead alienated colleagues in state government, including Stephanie McGarrah, who is now in charge of housing recovery in western North Carolina.

**RENTAL ASSISTANCE:** NCORR’s role expanded to include Emergency Rental Assistance through the first federal Covid package in 2020 and the American Rescue Plan Act in 2021 (ARPA). The amount of money in these two programs and the speed with which they needed to be completed distracted NCORR management attention from hurricane recovery, the main task for which it had been created.

**SLOW COMPLETIONS:** Between November 2021 and August 2022, NCORR completed fewer than ten houses per month. The Gov Ops Subcommittee on Hurricane Response and Recovery first met in September 2022, after which the pace of completions accelerated to roughly 60 per month through 2023. NCORR managed more than 100 completions per month from January 2024 through April 2025 before delays from its temporary lack of funding caught up to it.

**BAD FAITH AND BAD WORK:** The lack of accountability for NCORR and its lack of focus extended down to its monitoring of contractors and homeowners. NCORR awarded homes to vendors in large batches with few tools for accountability. It received more than 1,000 homeowner complaints for shoddy work including leaks, mold, electrical hazards, structural defects. There have been numerous complaints of poor workmanship, incomplete problem inspections, and acceptance of homes with unrelated damage. NCORR was hesitant to impose liquidated damages for fear of driving away contractors.

## Poor process

**FIRST THINGS LAST:** At the start, NCORR attempted to rely on outside vendors instead of hiring a large staff. It selected Horne for project management and AECOM for construction management. NCORR restricted direct communication between the two firms, which meant important construction restraints were not discovered until homeowners were out of their homes and work was ready to start. Some families are still out of their homes due to septic system problems, local setback rules, heirship disputes, HOAs, and historic districts that likely would have been discovered and able to be resolved earlier. NCORR has warned that as many as 100 families may not be able to

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have work completed because of such complications, though some of them are still living in their storm-damaged homes.

**HANDOFFS:** Besides normal turnover in customer service positions, and especially high turnover from March 2020 through 2022, families in the NCORR system had to deal with another new case manager during the handoff between Horne and AECOM. In 2022, NCORR ended its contracts with both Horne and AECOM, eventually bringing its own staff to more than 250 people and entering a staff augmentation contract with HGA for more than 100 customer service and managerial positions. Homeowners frequently found themselves with new case managers, resulting in inaccurate or conflicting information when they were able to connect. Many felt trapped in bureaucratic limbo.

**HIGH HOTEL COSTS:** No other state had a similar TRA program to provide housing and storage while families were out of their homes. Emergency move-outs due to mold or other circumstances did not lead to greater observed urgency for home completion. Many families were in hotels for more than a year. As of January 31, NCORR's most recent report on TRA expenditures, 66 projects had relocation costs in excess of \$100,000. The most expensive was \$278,981. NCORR eventually began paying stipends to families instead of directly paying hotels or landlords.

Numerous people also had their belongings ruined after storing them in NCORR-provided PODS that were never climate controlled and occasionally leaked.

**ASSIGNMENTS:** The agency asked the General Assembly, privately and in open committee, to change the law so it could assign higher value projects. Hogshead explained that the low limits prevented it from assigning many projects. Both chambers passed separate bills that indicated their support for higher assignment limits, and the clear legislative intent cleared the bureaucratic hurdles. Although NCORR did not assign many projects, the legislature's actions removed an excuse for the agency's lack of progress.

### Missing forecasts

The final core function where NCORR failed was in forecasting its work and financials. This came to a head in October 2024 when NCORR asked the legislature for \$175 million to complete the remaining 1,200 homes. By March 2025, the total amount of state funds needed had grown to \$300 million even as the date for completing homes slipped from September to possibly December. Even with the additional funds, NCORR anticipates it will not be able to complete as many as 100 of the remaining projects because of permitting, ownership, or other issues.

## Exceeding its mandate

### “Resiliency”

**STAFF:** NCORR hired two people to research and recommend resiliency policies. As NCORR wound down in 2025, it tried to get those people transferred to the Department of Environmental Quality where the Flood Resiliency Blueprint is housed.

**SPECIFICATIONS:** NCORR added resiliency work to repair projects even in rooms reportedly undamaged by storms or flooding. The additional work led to higher costs and longer delays. It held all homes to a single standard for wind resistant siding, insulation, and windows, mandated electric appliances, and installed tankless electric water heaters. The water heaters in some cases required separate electrical installation with higher capacity, again increasing cost and time.

**SIZE:** Rather than matching the size and number of rooms in the original floorplan of homes, NCORR applied federal guidelines for new construction. Depending on the number of people in a home, the reconstructed property could become much smaller with fewer bedrooms or larger with more bedrooms than the home being replaced. Larger homes could exceed the capacity of the land for septic or municipal setback rules, meaning higher cost, more delays, and possibly exit from the program.

## Excess customization

Although NCORR used a single standard for storm survival in homes, it offered families more than 26 floorplans, many of which it later attempted to have built as modular homes in factories but which the modular companies could not convert.

In addition to the choice of floor plans, families could initially choose among a variety of colors, appliances, and other options. NCORR did not honor all the stated preferences from families, adding to their frustrations with the program.

## Conclusion

NCORR failed at basic tasks and took on more tasks than it could deliver. The result is a program that fell behind, took \$300 million of state money to complete work that was supposed to be done entirely with federal grants, and still may not be able to complete all the projects in the queue. Responsibility falls not just on former NCORR Director Laura Hogshead, who resigned in December 2024, but extends to former Gov. Roy Cooper who ignored the problems through multiple legislative hearings and critical media reports.